

# **From Plantations to Resorts: The Caribbean in the Age of Globalization**

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# Globalization

[economic definition]

- The process of politico-economic opening of nation-states that allows unprecedented mobility for trade and investment of two factors of production: capital and technology
- The mobility of technology should promote international price stability and *–ceteris paribus–* economic convergence among nations
- Land is naturally immobile and labor is politically restricted

# Globalization

[sociological definition]

- Direct cross-border / transnational interconnections between peoples, activities and processes made viable by new knowledge and innovations in information and telecommunications technologies.

# Key Premises of Globalization

- Single world economy operating by similar rules, laws and structural dynamics everywhere
- International economic exchanges are mutually beneficial to all engaged in it, as long as they produce goods for which they have comparative or competitive advantages

# Alternative Views

## Unequal Exchange / Core-Periphery

- Wage differentials and payment to factors of production
- Deteriorating terms of trade
  - different rates of productivity
    - mechanization, labor processes (Fordism)
- Alternative products
  - coffee, mate, tea, cruises, tropical Asia
- synthetic or artificial substitutes
  - artificial dyes, beaches, virtual golf courts

# Perspectives on Economic Development

[Based on Albert Hirschman's Chart, *Essays in Trespassing*, 1981]

**International**  
**Trade is**  
**Mutually**  
**Advantageous**

		<b><u>Single World Economy</u></b>	
		Accepts	Rejects
Accepts	Accepts	Neoliberal	Developmentalism
	Rejects	Unequal Exchange (Dependent Development)	Dependency (Development of under-development)

# The Caribbean and Globalization

## Historical Background

- **The Caribbean was created by ‘mercantilist’ globalization**
  - The search for new international trade routes for luxury commodities such as silk, spices, and gold, was the *raison d’être* for the discovery of the “West Indies”
  - Spain established the Caribbean as the strategic gateway to colonization and exploitation of continental gold and silver

# The Spanish Empire



0 500 1000 kilometres

## Key

- The Spanish Empire
- Fortified Areas
- Routes of the Spanish Treasure Fleets
- Routes of the Spanish Treasure Fleets
- Movement of Silver
- Main Cities
- Site of battle between the Spanish Fleet and English Privateers



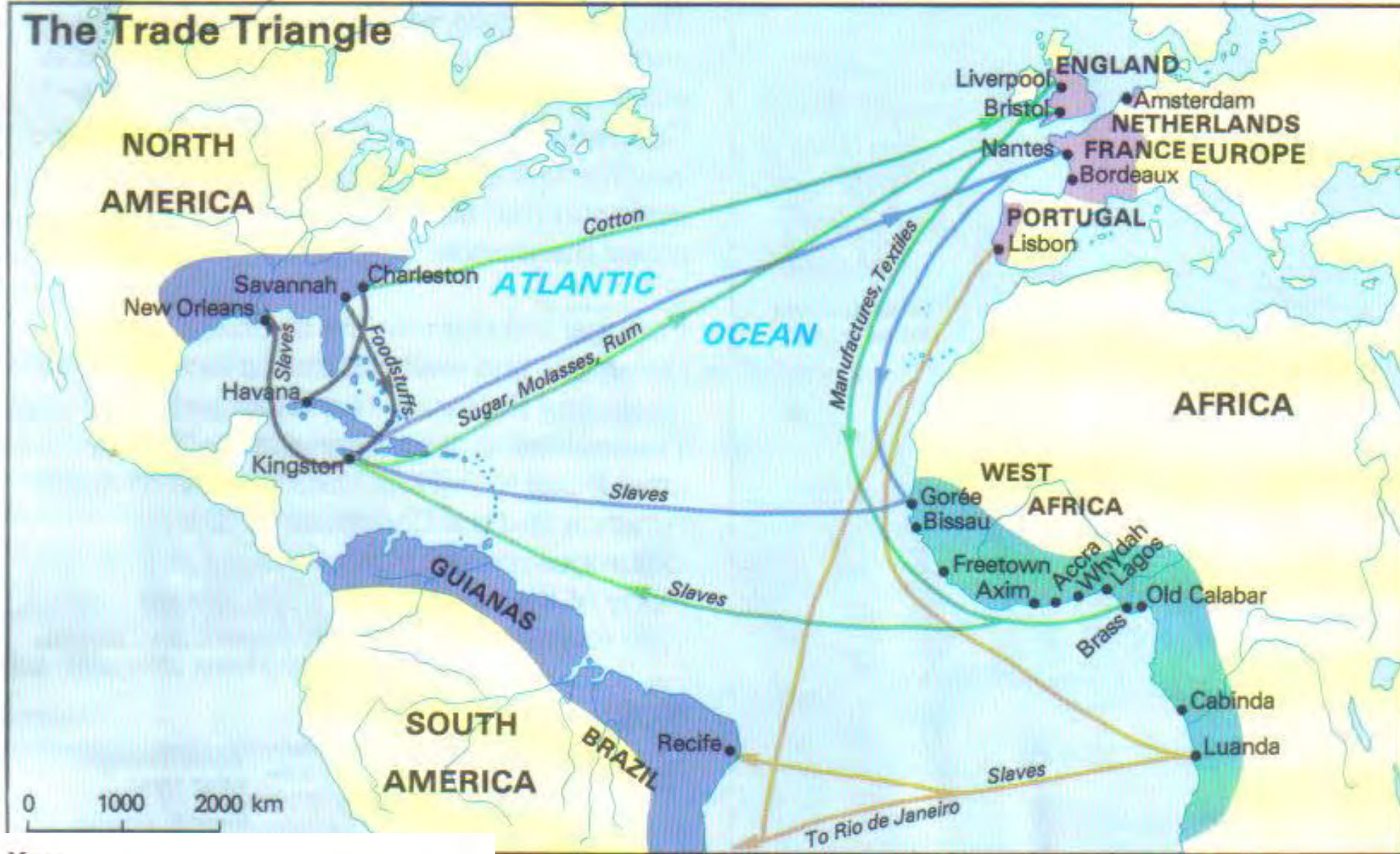
# The Caribbean Economies were Born of Globalization

- Since the XVII Century, England, France, Holland and Sweden established colonies in the Caribbean and plantations for the production of sugar and rum.
- This became known as the Sugar Revolution (Higman, Curtin)


# The Rise of the Plantation

- The sugar plantation became the axis of the Caribbean economies
- Sugar production was transferred from the Mediterranean to Brazil and the Caribbean by the XVII Century
- The Caribbean became the **fulcrum** of the “sugar triangle” between Europe, Africa and the “West Indies

# The Trade Triangle



## Key

- |  |                          |   |   |
|--|--------------------------|---|---|
|  | Major Slaving Countries  |  | Main French Trade Triangle              |
|  | West African Slave Coast |  | Main British Trade Triangle             |
|  | Slave Destinations       |  | North American/West Indian Trade Routes |
|  | Portugese Trade Triangle |   |   |

# The Plantation and Global Accumulation

- Caribbean Plantations “gave birth” to European Empires as the trade triangle generated capital to rising empires: Portugal, England, France, Holland (The Netherlands)

# The Caribbean in the XXth Century

- The Caribbean up to the 20<sup>th</sup> Century:
  - Agroindustries, light manufacturing, tourism and strategic bastions in the cold war)
- Two models of industrialization:
  - Export processing (maquiladoras)
  - Import substitution (ISI) / regional integration

# The Caribbean in the XXth Century

- Crisis of Export-Led Industrialization  
(FTZs and textile maquiladoras)
- Crisis of export agriculture
- Causes:
  - Creation of the WTO (1995)
  - China's Accession to the WTO (2001)
  - Repeal of Banana and other import quotas by WTO
  - Failure of the Single Market and Economy

# The Caribbean in the XXI Century

- International Service Center
  - Tourism has become the axis of economic growth
  - Entertainment and gambling, associated with tourism have also become dynamic sectors
  - Offshore banking has become a dynamic sector especially in British non independent territories

# Peripheral Postindustrialization

- Shift in the axis of economic growth from vertically integrated transnational-based segments manufacturing to vertically integrated segments of transnational services. Tourism, entertainment and telecommunications-based services are targeted as the leading sectors of this economic shift. Peripheral postindustrialization, however, reproduces the economic asymmetries associated with the core/periphery relation



# Peripheral Postindustrialization

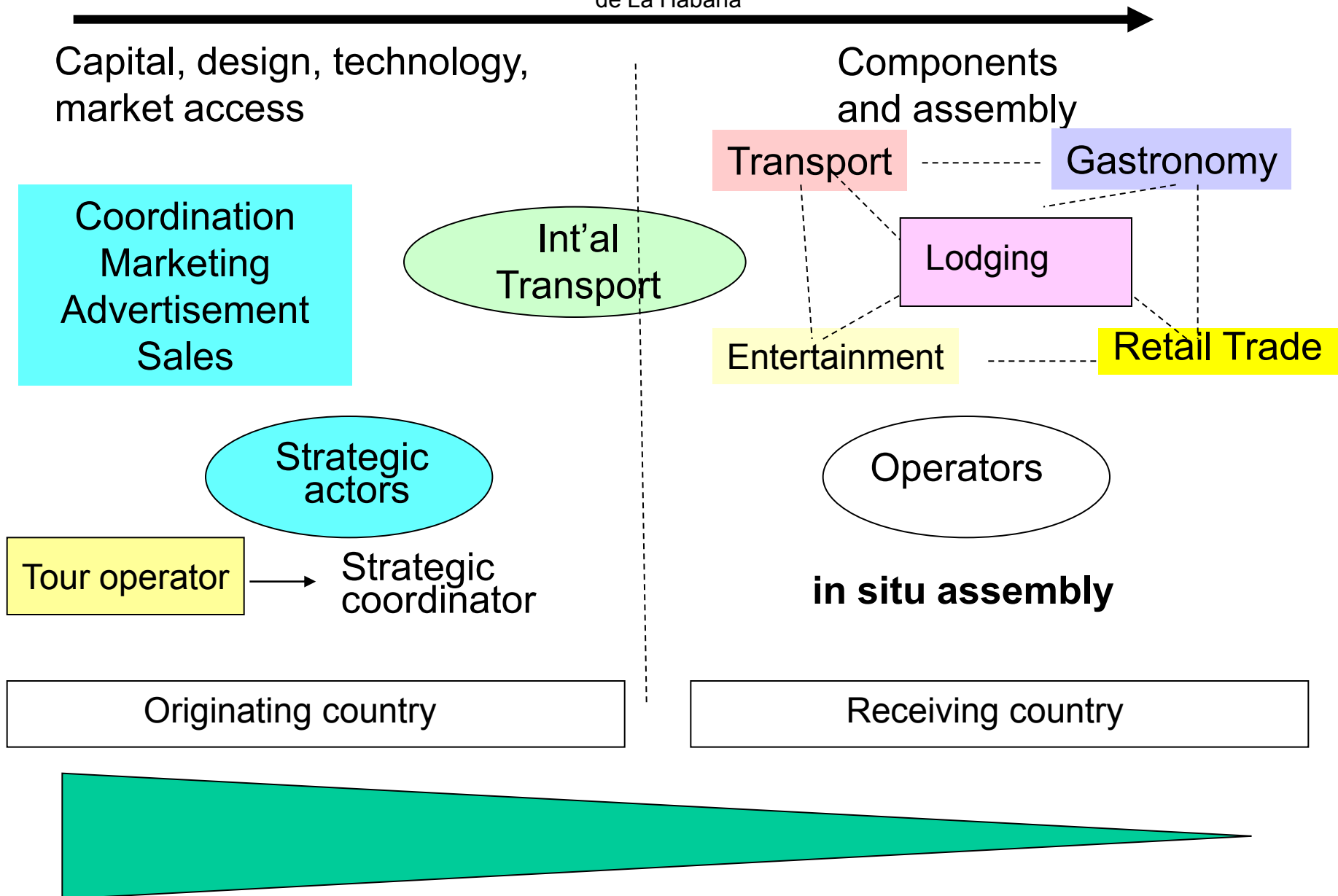
- Preserves economic asymmetries
  - low wages, low value added rates, “low end activities.”
- Maintains Caribbean economies as “price takers”
  - The internal price structures is derivative of the “world” or global price structure.
- Caribbean governments also remain “policy takers”
  - Policies are adopted on the basis of global constraints such as IMF conditionality and WTO rules

# Tourism Value Chain

- One of many international value chains
  - Transnational enterprises control financing, design, promotion and sale of tourist packages
    - These transnational actors dictate who and how others participate in the chain
    - The packages are prepaid and financed by international banks through credit cards Visa, Master Card

# International Tourism: Value Chain

Source: *Repensando el turismo, la cultura y el desarrollo en el Caribe insular* Pedro Monreal, Universidad de La Habana



# Low Local Value Added

- Transnational Chains control transportation, lodging, marketing and financing
  - Local governments or entrepreneurs own properties, transnational chains manage them
- Differential on wages and other compensation to the factors of production
  - Only 30 cents out of every tourist dollar remains on the local economy
- Imported inputs
  - Over 70% of food and beverages is imported

# Low Local Value Added

- Foreign investment in “local” tourist services
  - Aquatic sports (e.g. Atlantis Submarine, Canadian)
  - Restaurants (international chains and expatriates– Italians, American)

# Strategies to Capture Value

- Packages for local residents
  - Tours and Local entertainment
- Development of vacation homes
  - Time shares, second homes, etc.
- Promotion of local festivals and activities
  - Festival Presidente
  - Centro Cultural Leon Jiménez (Santiago de los Caballeros, DR)

# Strategies to Capture Value

- Sin Industries
  - Sexual Trade
  - Commercial Piracy and Contraband
  - Drug Trafficking
  - Money Laundering
  - Gambling

<b>Caribbean</b>	<b>Central America &amp; G3</b>		<b>Tropical Asia</b>		
Aruba	10	Belize	2	Bangladesh	0
Antigua / Barbuda	6	Colombia	19	Cambodia	14
Bahamas	6	Costa Rica	40	Hong Kong	2
Barbados	2	El Salvador	2	India	6
Dominican Rep.	32	Honduras	3	Indonesia	0
Guadeloupe	2	Nicaragua	10	Macau, China	33
Haiti	2	Panama	36	Malaysia	4
Jamaica	10	Venezuela	5	Myanmar	4
Martinique	2	Mexico	2	Philippines	19
Netherlands Antilles	26			Singapore	2
Puerto Rico	18			Sri Lanka	9
St. Kitts / Nevis	2			Thailand	0
St. Vincent & The Grenadines	2			Vanuatu	2
Trinidad & Tobago	3			Viet Nam	2
US Virgin Islands	1				
<b>Total</b>	<b>124</b>		<b>119</b>		<b>95</b>
<b>Greater Caribbean</b>	<b>243</b>				



# International Financial Centers, Tax Havens and Casinos

<b>Caribbean</b>	<b>Casinos</b>	<b>Asia</b>	<b>Casinos</b>
1. Anguilla		1. Cook Islands	..
2. Antigua and Barbuda	6	2. Guam	..
3. Aruba	10	3. Hong Kong	0
4. Bahamas	4	4. Labuan, Malaysia	1
5. Barbados	2	5. Macau	31
6. Belize	2	6. Marianas	..
7. Bermuda	..	7. Marshall Islands	..
8. British Virgin Islands	..	8. Micronesia	..
9. Cayman Islands	..	9. Nauru	..
10. Dominica	..	10. New Zealand	
11. Costa Rica	35	11. Niue	..
12. Grenada	..	12. Palau	..
13. Montserrat	..	13. Philippines	14
14. Dutch Antilles	26	14. Samoa	..
15. Panama	36	15. Seychelles	..
16. St Kitts and Nevis	2	16. Singapore	0
17. St Lucia	..	17. Tahiti	..
18. St Vincent & the Grenadines	2	18. Vanuatu	2
19. Turks and Caicos	..	19. Thailand	..