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TOWARDS ALTERNATIVE POLICIES FOR THE REGION

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I. The Need for a Regional Alternative

If one can speak of a "common regional project"[1] for the Caribbean Basin, it is that the relatively small countries of Central America and the Caribbean islands -- despite differences of language, ethnic composition and colonial history-- display a basic similarity of economic structures and levels of development. The search for a regional alternative is in essence a response to the present economic and social crisis in Central America and the Caribbean islands one which both coincides with, and is aggravated by, the current international crisis. The international crisis is not simply about economics but about hegemony. At present, the United States finds itself unable to present a coherent project for the region, a situation which contrasts with that of the 1960' s, marked by US sponsorship of the Alliance for Progress. Equally important, the older European colonial powers have shown themselves reluctant to play a more active role in what traditionally has been a US sphere of influence. Initiatives emanating from Latin America itself, such as that of the *Contadora* group, have been limited to counteracting the immediate danger of US

1. In relation to this specific subject several seminars organised by CRIES (Coordinadora Regional de Investigaciones Económicas y Sociales) have taken place, in San Juan del Sur, on Februrary 1982; Managua, June 1982; Managua, February 1983; Guanajuato (Mexico) May 1983; The Hague (Holland) June 1983 and the Assembly held in Washington October 1983, organised by PACCA (Policy Alternatives for Central America and the Caribbean) which incorporates as its members American Social Scientists who work in pursuit of a "New North American Alternative for Central America and the Caribbean". To follow-up on these seminars read the Bulletin 'Pensamiento Propio' and the publications of 'Cuadernos de Pensamiento Propio'.

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intervention and have lacked any structured long-term dimension. This in part explains why the peoples of the region are, for the first time, attempting to construct their own alternative.[2]

Two factors are fundamental in understanding the nature of the region's problems and in seeking to define alternative policies. One has to do with the region's strategic location within the US sphere of influence; the second is internal and has to do with the model of politics imposed by traditional oligarchies. Our main argument is that the crisis of the region must be understood in terms of North-South relations rather than as part of the East-West confrontation.[3] Indeed, the present US administration, by locating the regional crisis within a Cold War context, merely seeks to legitimise its traditional imperial role. While it is true that 'new international actors' have appeared on the scene in recent years, it is also true that the influence of the socialist camp, of Western European countries and of Latin America does not begin to explain the underlying nature of the crisis.[4] But, the contribution of these new actors is fundamental in the search for a regional alternative, particulary the contribution of the regional sub-powers: Mexico, Venezuela, Columbia and Brazil.

II. Determinants of the Regional Crisis

In order to understand why a region composed of small, poor and underdeveloped countries continues to be viewed as vital to US interests, the various components of US interests --economic, political, military and geopolitical-- must be examined. Such an analysis is essential to determining whether sufficient political space exists for launching an alternative project.[5] In what follows, particular attention will be paid to Central America (where the contradicions are most evident), though the rest of the Caribbean will serve both as a frame of reference for, and an essential component of, a regional alternative.

A first and striking feature is that North American economic interests in the region are relatively small. The Central American countries taken together represent only 2% of Latin America's GDP while the region's importance as a market for the US, measured in terms of *per capita* GDP, is similarly small: US$472 per head versus an average figure of US$1,964 for Latin America as a whole. U.S. trade with Central America is only 2% of its total trade with Latin America while

2. In the United States, the Caribbean Basin has traditionally been taken to include not only Central America and the islands of the Caribbean but also Mexico, Colombia, Venezuela and the Guyanas. Interestingly enough, the Reagan administration now adopts a different definition which excludes the larger countries and this makes it easier to analyse US interests in the region. In 1980, Mexico, Colombia and Venezuela alone accounted for 63% of the region's total exports and 75% of its imports. Equally, the 1980 figure for the total population of the Greater Caribbean Basin was 160 million, the three larger countries accounting for two-thirds of this total. Again, nearly 50% of North American direct investment in the Greater Caribbean Basin is in the four largest countries.

3. See: Gorostiaga Xavier, (1983): several references will be made to this work which includes a more detailed analysis and set of statistical tables supporting the statement made in this shorter presentation. Also see: INIES/CRIES Oct. 1983.

4. See: Black, G. (1982); Burbach, R. (1983); CEPAL (1981) and (1983); Charles, G. P. (1981); Fagen, R. and Pellicer, G. (1983); Feinberger, R. (1982); Gorostiaga, X. (1983); INIES-CRIES (1983); Pearce, J. (1982); Torres Rivas, E. (1981), (1982) and (1983); Lafeber, S. (1983).

5. See: Gorostiaga, X. (1983).

direct investment in the region represents only about 2.5% of US direct investment in Latin America. In 1980, US direct investment in Central America amounted to approximately US$1.1 billion and the average rate of profit on such investment was considerably lower than in the rest of Latin America. Equally important, US capital is withdrawing from the region as a result of the region's severe economic crisis, the magnitude of which is reflected by an absolute fall in regional GDP and a regional current account deficit of US$2,355 million for 1982. According to the UN Economic Commission for Latin America (ECLA), regional *per capita* real income has fallen to levels of the early 1960's; in a number of countries, nearly half the economically active population is unemployed, and the region's terms of trade have fallen by nearly 25% compared to 1977-78. Moreover, in the past 2 years, the outflow of private capital is estimated to have reached US$3,000 million while the inflow of foreign capital has fallen off dramatically. In 1981-82, US official aid to the region totalled US$828.6 million, or 70% of total US aid to Latin America. In addition, much of this was military aid; in the case of El Salvador, military aid presently accounts for nearly 80% of total US financial assistance.[6] This suggests a fundamental paradox. On the one hand, the North American economic stake in the region is not high while, on the other, bailing out the region could prove extremely expensive. ECLA has estimated that more than US$20 billions would be required over the next 5 years to avoid regional economic and financial collapse. In short, Central America must be viewed as a net economic burden to the United States.

A second characteristic of US involvement in the region is that its economic interests are located in the sphere of circulation rather than production. In addition to its strategic value as a centre of international finance, the Greater Caribbean Basin is a vital artery through which flows the bulk of US sea-trade. The obvious example is the Panama Canal, 70% of whose traffic originates in or is destined for the United States. Access to the Canal, moreover, greatly increases US naval mobility and allows one US fleet to be deployed in the region instead of two. As President Reagan put it in his speech of 27th April, 1983, virtually two-thirds of the US trade and oil imports, as well as imports of strategic metals, flow through the sea lanes of the Caribbean off the coastal waters of the five Central American countries. Equally important are the international financial centres located in Panama, the Bahamas and the Grand Cayman Islands. Total deposits in offshore financial centres amount to some US$200 billion. The region also contains a number of vital Free Trade Zones (FTZ); the FTZ in Colon, Panama, accounts for a greater volume of trade than the rest of Central America put together. These free trade zones, together with offshore financial centres, serve largely as transnational platforms providing financial and trading services to the world market.[7]

Still within the sphere of circulation, tourism is another activity which is of significant importance to the region and in the main controlled by the United States. In 1981 alone, regional tourism was worth US$1.1 billion. The tourist industry is particularly sensitive to political instability and it is obviously of some importance to the United States that the region should continue to provide an outlet for US capital as well as offering attractive and convenient tourist destinations.

A number of recent sudies[8] have documented the rise of pressure groups in the United States with interests in the region, notably the *Council of the Americas* and

6. See: Jiménez Cabrera, E. (1983).

7. See: Gorostiaga, X. (1978).

8. See: Herold, M. (1983); Burbach, R. (1983).

the *Caribbean and Central American Action Group*, both closely associated with David Rockefeller. Also important is the influence of a group of smaller multinational corporations based in the southern United States which have used the region to establish special production and export zones in environmentally sensitive branches of production, particularly petro-chemicals. In short, while total US direct investment in the region is relatively small, it tends to be concentrated in vital areas of trade and finance, and this must be taken into account in the design of an alternative strategy.

The above argument implies that US military and strategic interests in the region are considerably more important than economic interests in shaping policy. The Caribbean Basin is perceived as part of the defensive perimetre of the United States, a perimetre which has expanded well beyond US borders to form the so-called 'fourth strategic frontier'. US military presence along this frontier is formidable. The Panama Canal Zone contains no less than 14 military bases and is the headquarters of US Southern Command as well as the home of the *Escuela de las Americas*, the main U.S. military training centre for Latin American army officers. In addition, one must include the military complex in Puerto Rico, the Guantanamo base in Cuba, the antisubmarine facility in the Bahamas, and the strategic air defence system in Florida and Key West. In the past two years, moreover, major new facilities have been built in Honduras, the geographical heart of Central America. It is estimated that for 1982, expenditure on maintaining these facilities amounted to about 15% of the US defence budget, or approximately US$20 billions. Moreover, such expenditure has been rising, in part to counter the region's political crisis, but also as part of the latest phase in the Cold War and because of its key role in counteracting domestic recession.

The primacy of military-strategic over economic interests in the formulation of US policy is borne out by the author's personal experience as participant in the negotiations over the Panama Treaty. US economic interests in the Canal Zone are worth more than those in the rest of Central America combined; they include the financial centre, the Free Trade Zone, the new inter-oceanic pipeline, the 'flag of convenience' facility offered to US maritime shipping, as well as an estimated saving to the US in trans-shipment costs of approximately US$1 billion per annum.[9] A striking feature of the Treaty negotiationes was that, although these interests were clearly in play, the main debate focused on military and strategic issues. Indeed, it was US intransigence over these issues which eventually forced the Panamanian government to drop the principal demands it had been making since the Canal Zone riots of 1964.

More generall, US security interests have been at the heart of all discussions of foreign policy with its Latin American neighbours. The Inter-American Dialogue, which took place in Washington over a four-month period spanning 1982-83, brought together some 50 participants from the US and Latin America (including the present writer) to define ways of improving relations in the aftermath of the *Malvinas* conflict. Of the various themes under discussion, including economic, social, political and institutional questions, military-strategic issues produced the most heated debate and provided the least ground for consensus, even with US liberals. One might add that most of the North Americans participants adopted a position considerably to the "left" of the Reagan Administration. Of particular interest was the degree to which the US definition of security virtually excluded the possibility of Latin America taking up a more independent foreign policy stance, still

9. See: Gorostiaga, X. (1975) and (1979).

less an independent line on Central America and the Caribbean. The Monroe Doctrine, far from being a relic of the past, appears stronger today than it has ever been.[10]

Whatever may be the economic logic of US policies towards Central America and the Caribbean, it is clear that geopolitical considerations predominate. Historically, the region has always been considered as "America's backyard". So long as the area was thought to be secure, the US could afford to ignore it; but any threat to the *status quo* has always triggered an immediate response. US military intervention in the region has been more frequent than in any other part of the world. In the post-war period alone, one can cite the examples of Guatemala in 1954, Cuba in 1961, Panama in 1964, the Dominican Republic in 1965, Nicaragua in 1979, and at present, of US involvement in El Salvador and Honduras. The underlying assumption of US policy towards the region appears to be that its own geopolitical interests are incompatible with the emergence of genuinely independent nation states. In turn, viewed from the Caribbean Basin itself, it is hardly surprising that nationalism should go hand-in-hand with anti-imperialism. Today, as the nationalist struggle acquires wider economic and social dimensions, any process of transformation must necessarily call into question this "informal empire", implying a decisive break with a neo-colonial model of domination first challenged in the 19th century by the rise of Central American liberalism and later, in the inter-war period, by nationalist leaders such as Augusto Sandino and Farabundo Marti.

It is precisely because of the incompatibility between Caribbean Basin aspirations for genuine independence and the US perception of its own security interests that the Reagan Administration must depict the Central American conflict as an extension of the Cold War. The real question is what scope for defining new foreign policy alternatives exists in the United States itself. Clearly, the Reagan Administration's "true believers" have no doubts about the ideological nature of their own project to which economic interests are subordinate. The Administration is not prepared to consider any form of "delinking"; not only is the Caribbean Basin a "preserve area" but any change would damage the self-image of US global power.[11] Liberal critics may disagree with the Reagan Administration over tactics and rhetoric but appear unwilling to challenge the underlying geopolitical concept of "informal empire".[12] Few politicians in the US appears willing to support the view that the goal of regional political stability will best be served in the long term by recognising the sovereignty of the region, a sovereignty which must include the region's right to determine its own foreign policy.

What really matters, of course, is that regional instability is not the result of US "weakness"; if anything, it is the extension of US power in the region which gives rise to instability. The National Security Doctrine is, today, a recipe for national insecurity, and it is increasingly clear that the majority of the region's population is unwilling to accept politically authoritarian and economically exploitative regimes in the name of perceived North American geopolitical interests. In this sense, economic and social change in the Caribbean Basin must entail a revolution in the geopolitics of the area.

Within these societies, ruling groups have traditionally accepted the US geopolitical vision as the price of retaining an exceptionally privileged standard of

10. See: Allman, T. D. (1983); Feinberg, R. (1982) and Lafeber, W. (1983).

11. See: Smith, Wayne, S. (1982) and Lafeber, W. (1983).

12. See: Interamerican Dialogue (1983).

living, even by developed country standards. Moreover, in accepting a pro-consular role, the region's oligarchy has impeded the growth of a strong national bourgeoisie capable of building a wide socio-political alliance and establishing a new and more stable model of capitalism. What in an earlier article [13] we have referred to as the "imperialism of ambassadors, generals and landlords" graphically illustrates the symbiotic relationship between the external geopolitical model and the internal socio-political model. It is paradoxical that where the US has occasionally supported reform, particulary 'democratisation' designed to broaden the narrow social base supporting oligarchic regimes, such reform has itself fallen victim to the overriding prerogatives of geopolitical strategy. As a recent study of elections in Central America concludes, it is the vested interests of the local armed forces which has constituted the chief obstacle to democracy. The study analyses elections in El Salvador,
Guatemala, Nicaragua och Honduras between 1954 and 1981 showing how, in most cases, they have been manipulated by the military or, in the case of Nicaragua, by the *Guardia Nacional* (Somoza's personal army and that which received the greatest US tutelage). As the regional crisis deepens, even Costa Rican democracy is threatened by US policies aimed at undermining its traditionally neutral and unarmed role. In Honduras, US military presence amounts to a virtual military occupation and is serving to polarise the country both politically and socially. The US geopolitical vision is thus profundly contradictory and sacrifices long term stability for short term gain. Changing this doctrine is a prerequisite for peaceful political and social change, in the absence of which escalating social conflict and growing armed struggle must lead to massive US military involvement. Clearly, bringing about change in US geopolitical doctrine through the traumatic experience of 'another Vietnam' constitutes the most extreme, and least desirable, outcome.

III. The Central American Syndrome

Just as geopolitical logic drew the United States into the Vietnam conflict and produced the 'Vietnam Syndrome', today one can speak of a 'Central America Syndrome' in which a complex of converging interests is developing its own momentum. Indeed, it can be argued that the Vietnam experience has contributed to the emergence of a Central American Syndrome in the sense that the Right in the US sees the region as a test case for restoring American credibility in the eyes of the world. Obviously the small countries of the region cannot themselves constitute a serious military threat to the United States. If the 'loss' of these countries is perceived as a threat, it is because US policy interests are currently defined in simplistic and intransigent terms. Just as in the case of Vietnam, economic interests are of secondary importance to the US perception of the rules and principles governing its role as a superpower. Within this geopolitical vision,

13. In spite of the strong common features of the Central American bourgeoisie there are important differences between these countries. The Salvadorean and Costa Rican bourgeoisie, for example, have substantial differences between them. In the case of the Nicaraguan bourgeoisie its distinguishing feature stems from the fact that the Somocismo limited it as a class. Nevertheless, the common character of this Nicaraguan bourgeoisie, which was extremely independent and without a common national project, did not allow it, as a class within the region, to outgrow its status as an 'administrative bourgeoisie' of the transnational capital that was incorporated in the industrial and financial development of the area through the Central American Common Market. See Gorostiaga, 1983.

14. See: Bowtler and Cotter, (1982).

any threat to US interests in the Third World is perceived as a more general political and military threat and, ultimately, as a threat to the capacity of the United States to maintain its leadership role.

Why this should be so is not immediately apparent given that the Third World as a whole accounts for only about a third of US trade and a smaller share of US direct foreign investment. The answer, broadly speaking, is that a key function of the Cold War is to counteract the centrifugal forces of economic competition tending to disrupt the Western Alliance. Moreover, since armed confrontation between the superpowers in Western Europe is ruled out as too dangerous, the Third World serves as a convenient theatre for acting out the Cold War, a theatre which has acquired an ideological importance quite disproportionate to its economic role. Nowhere is this more true han in the Caribbean Basin. Through no fault of its own, the region has become a test case in East-West confrontation, a confrontation the principal function of which is to confirm American 'leadership'. US politicians may disagree about the heavy-handedness of Mr. Reagan's tactics but they agree on fundamental principles. So too does a section of political opinion in Western Europe, though social-democrats and some christian-democrats take a different view, arguing that genuine social change in the region is, in the long run, more likely to serve the interests of Western and US security.

The position of Western European critics (and of the main countries of the Greater Caribbean Basin) is that the Central American Syndrome is dangerous precisely because it coincides with a period of renewed Cold War tension between the US and the Soviet Union. It is because of the 'New Cold War' that the risk of regional conflict entails a risk of global conflict, or what is referred to in the US as the 'deadly connection'; the possibility that North-South conflict might trigger an East-West thermonuclear exchange.

Herein lies the true significance of the 'domino theory'. In its crude form, the domino theory states that revolution is transmitted from one country to another by 'subversion'. In its more sophisticated form, the theory recognises that the essential transmission mechanism of revolution is the perceived legitimacy of revolutionary governments. On this view, ideology is as important to counter-revolution as to revolution itself, and the most important task of counter-revolutionary activity is to undermine the legitimacy of existing revolutionary governments. This explains the importance accorded to Nicaragua within the US strategy for Central America, an importance which is entirely disproportionate to the country's economic and military power. Nicaragua constitutes the most important recent historical example of a social revolution whose legitimacy is widely accepted in the world community. Nicaragua enjoys the support of a significant group of countries in Latin America (including *Contadora*), of most Western European countries including the social democracies, and of important sections of the church and western intellectual currents. The problem for the United States, then, is that the greater the legitimacy of a revolution, the more important is its potential demonstration effect and the more likely it will act as a 'domino'. This in turn increases the perceived threat to US interests and reinforces the Central American Syndrome, leading to a proliferation of counter-domino reflexes, each more extreme than the other. Numerous spokesmen of the Reagan Administration have addressed themselves in detail to this theme. President Reagan himself, speaking to a Joint Session of Congress on the 27th of April, 1983, declared:

> "There is no area in the world which is more closely integrated into the political and economic system of the United States and none which is more vital to American security than Central America. If we cannot defend ourselves there, we cannot expect to prevail elsewhere. Our credibility would collapse, our alliances would crumble and the security of homeland would be put in jeopardy."[15]

In the same vein, the ex-Secreterary of State, Alexander Haig, speaking on the 31st of August, 1983, to the Bipartisan Commission on Central America chaired by Henry Kissinger, said:

> "Our problem in Central America is first and foremost global; second regional, with focus on Cuba, and third is local. If we fail to deal with these problems today in El Salvador, could well be that the same problem will re-emerge, we may find them developing in other areas which are less ambiguous and far more dangerous."[16]

In conclusion, within the complex pattern of interests which condition United States policy towards the Caribbean Basin, it is perceived US geopolitical interests which are key. This is the fundamental problem which will need to be resolved if an alternative policy is to be defined for the region, one which is pragmatic, viable and capable of being implemented at minimal social cost. US geopolitical logic is not a conjunctural phenomenon to be confused with the 'cowboy' foreign policy of the present administration. It is an essential component of the ideological structure of Empire. The aggressively militaristic nature of the 'Reagan Doctrine' is not the result of any special Presidential psychological attribute; it is a natural response to the decline of American imperial power. Given the gravity of the situation and the danger that further militarisation of the area might entail direct East-West conflict, it is of vital importance that the search for a new alternative not be limited to the Caribbean Basin but constitute part of a new political dialogue within the world community and within the United States. Such new thinking is already emerging in certain sectors of US public opinion, particularly within the church, the peace movement, minority ethnic groups and some academic circles. One of the keys to peace in the Caribbean Basin, just as in Vietnam, lies in the United States itself.[17]

IV. A Regional Identity

To return to our initial question, to what extent can one speak of a common regional identity in the Caribbean Basin? The thirty smaller countries of the Caribbean Basin share certain critical features, namely, the small, open nature of their economies, their low levels of development and per capita income and the similarity of their production. For most of these countries, about three-quarters of material production is directly or indirectly related to the export of a narrow range of primary products. In Central America for example, 70% of gross material production is accounted for by cotton, coffee, sugar, bananas, livestock, fish and basic grains. Although the range of products produced by the island economies of

15. See: *The New York Times*, 28 April, 1983.

16. See: *The New York Times*, 1 Sept. 1982.

17. See: PACCA (1984) and Holland & Anderson (1984).

the Caribbean is more diverse, their basic economic structure is not dissimilar to that of Central America. One implication is that trade patterns within the region are more competitive than complimentary and that economic growth is highly vulnerable to commodity price fluctuations. Moreover, sustaining capital accumulation is difficult since, in general economies are poorly articulated internally. Given the limited size of each country's internal market, it is only possible to achieve long term growth through a coordinated policy of regional trade and investment. In short, one needs to think of a different model of trade and growth if the countries of the region are to reduce their vulnerability to world market forces and, in particular, their dependency on the United States.

For historical and linguistic reasons, Central America has a stronger sense of regional identity than does the Caribbean. The Caribbean islands are linguistically and ethnically diverse and have quite different colonial histories which explain, at least in part, observed differences in political institutions. Moreover, with the exception of Cuba, Haiti and the Dominican Republic, national independence is a post-war phenomenon. For present purposes, it will be useful to distinguish between the English-speaking, French-speaking and Spanish-speaking Caribbean, each constituting different sub-regions though possessing broad underlying similarities in economic and social structure.

Geopolitics is another important factor which makes for a common regional identity. Above all, it is the United States which views the region as a geopolitical unit, a view which nowadays excludes the region's larger countries: Mexico, Columbia and Venezuela. In the long run, however, the growth of a regional identity depends on political decisions taken within the countries themselves. The formation of regional trading blocks (such as CARICOM and CACM) has been an important first step in this direction. The establishment of Central American and Caribbean regional trade institutions, though not resolving the problem of economic dependency, has served to widen local markets, to increase rates of accumulation, and to modernise economic and commercial infrastructure. But although impressive growth rates in the 1960's and 70's for a time successfully masked the region's underlying problems, the present world recession has dramatically changed regional fortunes, bringing social and economic contradictions to the fore. Whatever the successes of early attempts at integration, the traditional model of growth has served to reproduce and extend external dependency and internal economic and social polarisation. Future economic integration, if it is to be stable and cumulative, must be based on an alternative model, one which serves the interests of the region's poor and not merely those of local elites. Equally, an alternative regional project must incorporate a new economic vision of geopolitics, one which emphasises the region's right to more equitable and diverse trade and aid relations, and greater economic independence from the super-powers.

The present crisis has given rise to a wide variety of initiatives in the search for a regional alternative. Major proposals have come from the United States, from Western Europe and from Latin America. All differ in their fundamental approach, though all share the common charasteristic of originating outside the region. Quite clearly, what is needed is an initiative originating from within the region itself, a principle akcnowledged by many of the most influential contributors to the North-South debate including the authors of the Pearson Report, the Brandt Report, and recent ECLA reports. In what follows, we examine the three most important proposals for the region, contrasting these with our own proposal in order to derive guidelines for a regional alternative.

V. The Caribbean Basin Initiative

In the past two years, a great deal has been published on the Caribbean Basin Initiative (CBI) which cannot be reviewed in detail here. (The present paper is accompanied by an extensive bibliography which includes many of the most relevant references.) Broadly speaking, most independent commentators in the US agree that the CBI is fundamentally flawed. Firstly, the volume of economic assistance proposed in the CBI is insignificant in relation to what is required. The greater part of CBI aid is, in any event, earmarked for defence, suggesting that implementation of the programme is more likely to divide the region than to promote its unity. What is also clear is that the CBI, far from resolving the problem of dependency, is likely to exacerbate it. The proposal has little to say about the social problems of the region, nor does it spell out any mechanisms for redressing inequalities of income distribution both between and within countries. One must conclude trat, as a regional alternative, the CBI is largely 'cosmetic' and serves to divert world attention from the Reagan Administration's fundamental aim of strengthening US client states in the area. To make useful proposals for the region one must look at what the CBI does not say.

In our view, a genuine alternative policy would stress the following principles. Firstly, a regional alternative should be multilateral, seeking to extend and diversify economic and political ties and to establish better relations with Western Europe, Eastern Europe, the non-aligned countries, and the rest of Latin America, particularly Mexico, Venezuela, Columbia and Brazil. Secondly, in contrast to the highly selective nature of the CBI, a genuine regional alternative would cover the whole of Central America and the Caribbean and would seek to strengthen existing regional institutions, while at the same time respecting the particularities of the different sub-regions. Thirdly, a fundamental aspect of any regional alternative should be to identify areas of trade complimentarity as a basis for expanding intra-region trade. This means, *interalia*,looking at existing patterns of production, trade and finance and presenting concrete recommendations for promoting co-ordinated policies in each of these areas. Most important, though, is the need to conceptualise an alternative dynamic for accumulation and growth. This implies examining the way in which agriculture and industry are internally articulated and, particularly, the potential for capturing increased value-added through the processing of traditional exports; i.e., gradually moving from commodity export to semi-manufactures and, in some cases, finished industrial goods. This is a necessary compliment to simple first-stage import substitution, a phase already accomplished in much of the region. A limited capital-goods sector could then be developed in the longer term, each country choosing a particular specialisation. Such a strategy would maximise forward and backward linkages between the primary export sector (the region's main 'engine of growth') and the rest of the economy. A process of external diversification and internal and regional integration would also require major structural reform, including, most importantly, that of the agrarian sector. This view contrasts strongly with that proposed in the CBI, one which essentially reinforces dependence on primary products while introducing further enclaves in the form of multinational export and service platforms.

More generally, the CBI treats economic growth as an end in itself and assumes that the benefits of growth must ultimately 'trickle down' to the majority. A more plausible strategy would be to reorientate and strengthen domestic production capacity aimed at satisfying basic needs, the dynamic for growth being derived from

increased (non-inflationary) domestic purchasing power. At the political level, an alternative strategy would stress incorporation of the majority of the population into political life as part of the process of extending genuine 'citizenship'. Moreover, emphasis should be placed on allowing for a plurality of political forms in the region within a broadly defined context of non-alignment.

Much existing criticism of the CBI, particularly in the United States, has concentrated on its implications for trade, investment and aid, the general concensus being that the CBI provides 'too little too late'. (18) The debate in the US Congress has produced a number of amendments, including one which would require 12.5% of the proposed US$350 millions to be channelled towards satisfying basic needs. Equally, concern has been voiced over other aspects of the CBI; the reduction in the sugar quota, for example, suggests that the 'losses' for the region might well outweigh the 'gains'. With few exceptions, however, the debate in the United States, which has also had an important resonance in Western Europe, has not addressed itself to fundamental issues of social and economic development strategy.

VI. The Proposal of the European Economic Community[19]

In recent years, the Western European countries have begun to develop a common policy towards the Caribbean Basin region. In mid-1982, the EEC initiated a discussion on an aid package for the region and, since then, a new view of the region has gradually been taking shape, albeit one which has received rather less publicity than the CBI. The European view coincides in a number of important respects with proposals emanating from the region itself. In the first place, the EEC broadly accepts that the problems of the Caribbean Basin are fundamentally structural in nature and that any proposal which does not envisage fundamental change particularly in agrarian structures, is of little value since it is these same structures which determine the distribution of income, employment and the standard of living of the majority of the region's population. The EEC proposal recognises that structural change is *sine qua non* for long-term political stability. Moreover, recent European aid policy towards the region contrasts sharply with that proposed in the CBI. The Europeans have tended to include countries like Nicaragua and Grenada (under Bishop) while excluding the military regimes in El Salvador and Guatemala.

Nevertheless, the main difficulty with the European proposal is the relatively small volume of economic aid proposed, roughly US$40 millions in addition to the US$150 millions which the EEC already contibutes to the region. But the substantive content of the proposal is political rather than economic in that it locates the Caribbean Basin problem within a North-South context instead of treating it as a dimension of the Cold War. Obviously, this opens a political door to a broad spectrum of progressive forces in the region and reflects the growing weight of particular European countries, notably those of Scandinavia though equally Spain, Greece, Portugal and Italy. At the same time, the tone of the proposal reflects growing European concern about the political capacity of the United States to respond to the problems of the Third World, including that part of the Third World within the US sphere of influence.

18. See in particular Feinberg *et. al.* (1983); Zorn, J. G. (1983); The Development Group for Alternative Policies (1983); Gorostiaga, X. (1983).

19. See: Commission des Communautes Européenes, Bruxelles, 1982.

Doubtlessly, an important factor behind the development of an independent European position towards the Caribbean Basin is a growing concern that armed confrotation in Central America could spill over into East-West relations making present negotiations on nuclear arms control even more difficult. In this sense, Europeans have a particular stake in improving the climate of relations between the United States and the Soviet Union and avoiding a further escalation in the arms race, the result of which they themselves would be the first victims.

VII. The Latin American Proposals

Fundamental changes have also taken place in the way in which the problem of the Caribbean Basin is seen in Latin America. The role of Mexico, Venezuela, Panama and Costa Rica in helping to topple the Somoza regime in 1979 was viewed with some distress by the Carter Administration which, until the final days of the war, sought accommodation with Somoza's *Guardia Nacional.* When, in June 1979, the US Administration attempted to pressure the Organisation of American States into sending a peace keeping force to Nicaragua, the majority of Latin American countries voted against the proposal. After 1979, Mexico and Venezuela launched an aid programme for Central America, formalised in the San Jose Agreement, which has involved more money than total US non-military assistance to the region over the same period. For the first time in recent history, the United States has ceased to be the principal aid donor to the region.

In recent years, both Columbia (under Belisario Betancurt) and Brazil have taken a more independent stance, particularly with respect to Nicaragua. (An important if generaly unrecognised factor in Brazilian politics is that the three richest Brazilian States --Sao Paulo, Rio de Janeiro, and Minas Gerais-- are controlled by the opposition.) More generally, the 'big four' (Mexico, Venezuela, Columbia, Brazil) of the Greater Caribbean area have a strategic role to play in any regional project, particularly as part of an alternative economic strategy. In the case of Nicaragua, for example, the 'big four' have been able to supply sufficient equipment, technology and raw materials to offset the effects of the unofficial US economic blockade. Equally considerable potential exists for developing complimentary trade relationships in agriculture and industry as well as complimentary financial relationships. For Latin America, an important attribute of the Caribbean Basin is its potential economic size. Taken together, the small countries of the region represent a total population of 60 million and a Gross Regional Product of US$60 billions. But it is chiefly the potential of the Caribbean basin as a 'political market' which has led to the development of an independent position. In the absence of meaningful initiatives from the Unites States, Latin America is now filling the political vacuum and recognises the importance both of an independent regional development strategy and of cultivating a variety of economic and political models.

This is particularly true of the *Contadora* Group whose peace initiatives have received international attention.[20] The proposals of Mexico, Venezuela, Columbia and Panama have been supported by the General Assembly of the United Nations and by the OAS, and in late 1983, even the United States itself was obliged to formally support the proposals.

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20. See the Declarations of the Contadora Group in the 38th General Assembly of the United Nations, Oct. 1983.

But the *Contadora* initiative has been strongly resisted, particularly by the Right in the United States and those Central American regimes opposed to a negotiated solution. Whatever these difficulties, *Contadora* does reflect a new current of thought in Latin America, a current which has gained strength particularly since the *Malvinas* crisis and against a background of growing trade and financial instability. Increasingly, Latin American countries are recognising the need to resolve their own problems without interference from outside powers. Although the immediate aim of *Contadora* is to avoid generalised conflict in Central America, this role could in future be extended to seeking a permanent negotiated political settlement in the region. What many Latin American countries now recognise is that political stability in the Caribbean Basin ultimately depends on overcoming the underlying problems of inequitable income distribution and unequal trade relations.

VIII. Principles of an Autonomous Strategy for the Region

In the second half of this paper, we set out the 'guiding principles' of an alternative strategy as viewed from within the region itself (i.e., an 'autonomous' strategy) and ask whether such a strategy is feasible. These principles are part of more detailed research work being carried out by academics throughout the region who, over the past two years, have met under the auspices of the *Coordinating Body for Regional Economic and Social Research (Coordinadora Regional de Investigaciones Económicas y Sociales* or CRIES). (References to detailed work are found in the bibliography.)

A first element that any proposal for the region must take into account is the distinctive national characteristics of each of the countries in question. Such a principle may appear self-evident, but it is largely overlooked in proposals emanating from outside the region. Not only are Central America and the Caribbean distinct but, within each region, one can identify separate sub-regions. Moreover, the region includes countries which, though forming part of a regional project, are not easily subsumed under a standard 'referece model'. Cuba, as part of the COMECON system, is one example; so too is Puerto Rico, a territory of the United States, and Panama with its strategic canal link. Only by respecting such particularities can a practical and viable project be defined.

Equally important to a distinctive regional vision is recognising the need for a new economic and political model. Here, one must address oneself directly to the widespread nature of class exploitation. Some may feel that the phrase is too strong, but such phrasing is necessary if the fundamental objective of the project is to remain clear. The logic of development and of political organisations is, after all, a class logic. It is what we have referred to as the 'logic of the majority', that is to say, of ordinary peasants and workers, of the unemployed, of small traders and proprietors in the productive and services sectors, of those who make up as much as three-quarters of the economically active population. Above all, the logic of the majority is about those who bear the burden of under-development. It is only within such a political framework that the notion of 'basic needs' acquires substantive meaning. Otherwise, it is only too easy for everyone --from ECLA to the World Bank, the IMF, and even the most reactionary government-- to agree that meeting basic needs is a principal aim of development policy. Obviously, the main question is which class or social group determines priorities and policies for basic needs satisfaction. The point has not been missed by ECLA whose regional reports reflect

an increasingly detailed grasp of the political-economy dimension. So too, albeit with some differences, do the reports of the European Common Market Commission.

This leads us to the next principle which is that economic and political transformation cannot be carried out *for* the majority unless it is part of a project implemented *by* the majority. To use a more academic turn of phrase, the majority must be the subject, and not the object, of their own history. After all, the underlying political upheavals of the region are themselves the expression of a growing demand by the majority to determine their own future, and it is this new historical subject which is gradually transforming society. Nor is this subject exclusively an 'army of the poor' since it has shown itself capable of building broad alliances across sectors and, in some countries, includes a significant part of the middle class as well as of the bourgeoisie. This complex alliance of social and political forces, which differs significantly between subregions, is arguably converging in a manner which makes it possible to speak of a new social alliance at the level of the region. In some countries, such as Nicaragua, the alliance is of a multi-class nature, though popular sectors are ascendant. In Cuba, the alliance is clearly under proletarian hegemony. In other countries, hegemony is be shared between differet sectores and classes. This pluralism of internal alliances is the basis for establishing a genuine regional pluralism. The only group which would be excluded from such an alliance would be the traditional oligarchy. The interests of this group are fundamentally opposed to those of the majority. In future, political stability can only be ensured through the formation of different alliances whose internal legitimacy will depend on the extent to which reforms necessary to ensuring basic needs provision are implemented. The experience of Nicaragua shows that levels of literacy, health, housing, and food production can be raised reasonably quickly and efficiently, even where resources are extremely limited, by mobilising and organising ordinary people.[21] The eradication of the endemic problems of underdevelopment is not chiefly a problem of resources; it is first and foremost a problem of political organisation.

While it is true that the incorporation of the majority into the political process can release enormous energies and greatly simplify the task of economic development, it is equally true that countries of the region cannot afford a model of development which sets its sights on achieving consumption norms comparable to those of the advanced countries. Economic and social transformation requieres accepting, *inter alia*, that consumption levels of the wellto-do, typically modelled on those of the North American upper-midddle class, will need to be cut back, and present conventions about the proper balance between public and private provision will need to be changed. This idea is captured in the phrase 'a civilisation of simplicity' *(civilización de la simplicidad)*, a phrase which despite its Weberian associations, has a very real bearing on today's problems. The structural characteristics of these countries are such that they will be unable to compete in the international market even against other Latin American countries unless workers become much more productive. This can only happen once basic needs have been met. The satisfaction of basic needs in turn means that non-essential consumption, including that of the upper and middle classes and of the State, must be reduced to a minimum. While such a principle appeals to humanitarian notions of social justice, it is equally rooted in a materialistic view of the necessary pre-conditions for development. The transformation of social relations and productive forces within a

21. See: Pensamiento Propio, No. 5 and 8, (1983).

political culture of participation and simplicity must be part of any project aiming to create a new historical subject and a new style of development. Nor is simplicity in this sense to be confused with an egalitarian distribution of poverty. A culture of simplicity implies exploring new alternatives in the field of health, education, participation, and growth of both individual and collective self-reliance. It opens new alternatives not only to the poorest, but to the middle classes, to professionals and entrepreneurs who can discover new areas of creative activity, areas unavailable under the old order. The ethic of luxury consumption is not only disfunctional to development but debases the role of the individual as a social being.

It will be useful here to consider in somewhat greater detail what we mean by a 'new model' of development. The main features of such a model can be summarised as follows. The first priority is transformation of agrarian structures. This means not only implementing a programme of land reform but significantly raising the standard of living of the peasantry, thus broadening the internal market. Land reform cannot be based exclusively on a single model of property relations, be it private or collective, but should give rise to a variety of property forms ranging from traditional small- and medium-sized private holdings to cooperatives (credit, services and production) to State property (chiefly in capital intensive branches). Secondly, a region project will aim to reduce net food imports, currently running at US$3 billion per annum, making use of resulting foreign exchange savings for productive and infrastructure investment in the rural sector. Equally, an imporant aim will be to create new forward and backward linkages between agriculture and other sectors, particularly industry and construction. Quite clearly, the region possesses an enormous potential for adding further processing stages to the production of primary commodities and while the role of the State will undoubtedly need to expand, this does not imply greater centralisation. Indeed, a strategy which attaches primary importance to agriculture should imply considerable decentralisation and regionalisation of State functions for which contemporary reforms in Nicaragua serve as a useful example. Moreover, rural transformation will imply major changes in urban policy, particularly in the reform of petty services. At present, a striking characteristic of the region is the disproportionate amount of manpower absorbed in the terciary sector. This is because, traditionally, services have acted as a residual source of employment and income for marginal producers displaced by the spread of modern capitalist agriculture. There is a good deal of evidence to suggest that, where land reform is comprehensive and accompanied by a net transfer of resources to the rural sector, urban migration can be halted and even reversed.

How far does such a strategy require central planning and state ownership? The type of economic model proposed above is clearly not 'socialist' in the Eastern European sense, nor is it a 'mixed economy' in the Western European sense. The distinctive feature of the proposed 'mixed economy' is that the logic of private capital accumulation no longer predominates, though private capital continues to have an important role. Hence, while there must be more planning than is currently practised in capitalist economies, such plannning must aim at ensuring macro-efficiency leaving the market to handle micro-efficiency. This means above all a planned pattern of investment, carried out in part directly by the State and in part by means of planned agreements whith the private sector. The financial cohesion of a such a State-led investment model will be chiefly ensured by fiscal reform, though also by State control of the modern banking sector and of key areas of marketing, particularly external commerce. While the balance betweeen public and private

property will vary from country to country, it seems reasonable to assume that the State will have a majority interest in modern services and an important presence in modern production, both agricultural and industrial. Taken together, this might amount to as much as one-third of GDP (comparable in magnitude if not in composition to many Western European countries) while, at the other extreme, the continued presence of a large petty-production sector (mainly in food agriculture) and of medium and large scale capitalist production in parts of the modern sector suggests that a further one-third of GDP might originate from purely private sources. This leaves the remaining third to be shared between different forms of cooperative production largely run by autonomous producer's associations.

Although one cannot do much more than sketch the outlines of a reference model, one important implication of such a model is that it opens the way towards an estensive restructuring of productive relations, particularly in the area of workers' participation. The democratisation of economic life is an essential component of democratisation in general, and the emphasis placed on the principle of collective participation must certainly find practical expression not only in the organisation of political life but also in that of economic life.

The restructuring of domestic economies around a regional project will also entail new international economic relations. While the United States will clearly continue to be an important trading partner for the region, more diversified relations must be sought, particularly at a time when new trading powers are emerging within the world economy. In addition to the US, four broad trading blocks can be distinguished - the EEC and Japan, the socialist camp, the rest of Latin America (particularly the 'big four') and the rest of the Third World. New institutional arrangements and trading prospects will not be discussed in any detail here since they are the subject of a separate paper. Suffice it to say that a central question will be that of improving trade relations with the EEC which largely comes down to Central America joining its Caribbean neighbours as members of the Lomé Convention. The EEC, in developing its proposal for the region, will need to pay considerably more attention to this issue than has been the case in the past.

IX. Is a New Regional Project Feasible?

Above, we have attempted to sketch the main political and economic features of the model bearing in mind that the aim of this paper is to provide guidelines rather than a blueprint and that, in practice, any realistic view of the region must accept pluralism and diversity as an end in itself. In the concluding section, we concentrate on the geo-politics of the region and set out a time-frame against wich a new regional project might be measured. As before, it would be misleading to suggest that these can be treated as anything more than a set of guidelines which, as the reader will appreciate, are meant to promote and widen the regional debate, not to foreclose it.

We have already suggested that the region's foreign policy should be based on the principle of non-alignment. Now 'non-alignment' is a term notoriously open to misinterpretion. The simplest, and perhaps the most widespread view, is that non-alignment means steering a knife-edge course between the two superpowers. Even were this possible for one country, it would not be possible, or even desirable, for as diverse a group of countries as make up the region. In our opinion, it will be more useful to think of non-alignment in terms of regional pluralism in international relations. What matters in the present context is not whether all countries of the

region pursue the same foreing policy but whether any country is allowed to diverge from the present norm which requires swearing a permanent oath of allegiance to the United States. It is this state of affairs which we find objectionable as a basis for region foreign policy. If this objection is granted, it follows that, while individual countries of the region might wish to pursue different courses, all countries would respect one anothers' right to do so, and the region as a whole would maintain more pluralistic relations than is presently the case. One might then al least discuss the further question of whether each indiviudal country should aim to steer a 'perfect middle-course' once new geopolitical terms of reference had been established.

Within this same context, certain further principles can be set out. Firstly, it is clear that given the strategic location of the region within the US sphere of influence, the reginon cannot align itself with the socialist camp. To propose that it should do so is merely to wave a red flag at a particularly large and dangerous bull. At the same time, to argue for strict alignment with the United States is merely to adhere to present Cold War logic. Regional non-alignment would increase the margin for manoeuvre which the region requires to be able to enter into new trade and aid relationships. Moreover, non- alignment accompanied by certain guarantees (demilitarisastion, free movement of shipping, etc) would reduce tensiones, allowing the region to be removed once-and-for-all from the arena of East-West conflict. This position not only has considerable support within the region but is increasingly supported by liberal currents within the United States itself. As some North Americans have come to realise, the forced insertion of the region into Cold War politics merely serves to destablise the region. These new currents within the United States can reasonably be expected to grow stronger.

A vexed question which invariably arises is that of Cuba. Our regional proposal starts from the premise that Cuba must be incorporated into any regional project. The exclusion of Cuba would not only reduce the perspective for realising the region's full economic potential, but it would further isolate Cuba, thus maintaining a nexus of East-West tension within the region incompatible with the purpose of the project itself. Clearly, if the United States continues to refuse granting diplomatic recognition, it is not because Cuba poses a serious military threat to the United States. After all, the US enjoys normal diplomatic relations with most socialist countries. The true reason for isolating Cuba lies elsewhere, notably, in the fact that the 'Cuban threat' is a necessary ingredient to the maintenance of a US-dominated military establishment in the region as guarantor of US hegemony. To remove the region from the Cold War would therefore remove the need to isolate Cuba. And it is this isolation which, more than any other factor, explains Cuba's close alignment with the socialist camp. Any serious analysis of regional relations suggests that Cuba's re-integration into the area would increase the prospects for longterm stability, and allow Cuba to be more fully 'non-aligned'.

This brings us to the final set of arguments about the phasing of a regional alternative. In the first (or present) phase, the most important task is to set out a series of principles serving to mobilise political and public opinion both within and outside the region.[22] If such a debate is to gain momentum, it goes without saying that a peaceful solution to the Central American problem must be found. Within the region, a range of prominent political figures, academics, church leaders, etc. are

22. The work programme of the CRIES teams at regional level tries to raise important subjects and suggest some proposals that achieve this possible vision of an alternative. The regional studies over the character of the crisis; the transition experiences in the regions; the impact of the militarisation of the area, etc. have become more and more empirical and programmatic.

presently engaged in a growing debate within the framework of shared principles set out in the present paper. Such debate must obviously be complimented by detailed empirical research. Readers who have travelled to Central America recently will appreciate the practical difficulties of engaging in serious research and genuine public debate under conditions of escalating military conflict.

A second phase of this work will require working out more detailed proposals at the level of the various subregions, within both Central America and the Caribbean. Such proposals must be highly pragmatic in allowing for the diversity of social features and political traditions which characterise the region as a whole. Indeed, one of the reasons why this project has been launched by independent social scientists is precisely to accommodate such diversity and to maintain a certain distance from conventional party-political debate. At the same time, one must recognise that there is a growing movement, particularly in Central America, towards building political alliances with popular movements which transcend traditional party divisions. Many of the above principles have already been incorporated into ongoing debates within regional institutions such as ECLA and SELA (*Sistema Económico Latino Americano).* Much of this same line of reasoning is also explicit in local political party discourse, engaging some Liberals and Christian Democrats but mainly Social Democrats and the 'popular front' parties of the left. Equally, many of these principles are reflected by (and indeed drawn from) debates within the Church, a most influencial force in the politics of the region. The participation of the Church is not only fundamental for legitimising a new political and social project, but is significantly affecting the language of political discourse, thus enabling debate to be carried to a far wider public, particularly in North America, Western Europe and the rest of Latin America. A number of the regional and multilateral UN institutions such as ECLA, UNDP, and UNESCO have also played a role in this debate, and have a more important role to play in future.

In conclusion, it is worth stressing again that our project is not a neutral one. It is a project which takes as its fundamental premise the participation and mobilisation of the region's poor as the historical subject of a new alternative. Only on this basis can a genuinely pluralistic, democratic, non-aligned and stable project be built. Nor is our regional alternative merely an academic project. It is an attempt to give structured form to part of a wider political process involving the everyday lives and struggles of ordinary people.

The investigations at a regional level of th sub-systems of coffee, cotton, sugar, meat; the beginning of investigations about a regional proposal for self-sufficient nourishment, etc. will all permit an arrival at some conclusions and proposals similar to the ones published about The Alternative. The North American proposal (January 1984) and the European (Sept. 1984) will reinforce and complement the work of the region.

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