

# **Little Cays can open Mighty Doors: The potential role of Small & Island Developing States (SIDS) in the transition from Capitalism to Econologism**

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**Second Lecture in ‘The Year of Sir W. Arthur Lewis Open  
Lecture Series’ University of the West Indies,  
St. Augustine Campus  
Professor Dennis Pantin**

*This is a summary of the lecture delivered on Wednesday March 19, 2008. 7:00 pm. The  
full lecture can be found at <http://sta.uwi.edu/dpantin>*

## **1. INTERPRETING ARTHUR LEWIS**

Sixty odd years ago a young West Indian - who must have been considered an absolute upstart by the ruling colonial elite - advanced a bold proposition and economic strategy to rescue the region from the poverty in which its population was mired. History has been kind to his ideas which, if they had been implemented, could have led the region to emulate the successful economic transformation of Singapore, Hong Kong, South Korea, Japan even. I refer, of course, to Sir W. Arthur Lewis whose collective intellectual contribution to the discourse on economic development was recognized in his 1980 Nobel Prize award for economics.

Tonight, I wish to interpret Lewis’ methodological approach to addressing the economic development challenge and then apply this to the potential role and contribution of Caribbean and other small and island economies (SIDS) to what I understand to be the historic shift now demanded in the nature of economic, social and political structures on a regional and global scale.

Lewis’ methodological approach to the development question is interpreted as having six (6) main elements. First, Lewis was concerned with the ‘here and now’: the concrete, practical realities/problems faced by human beings in specific, contemporary socio-economic circumstances. This is consistent with his definition of economics as “*the study of the conditions under which people live.*”

Second, Lewis then sought to identify the causal factors which explain these realities/problems: distinguishing manifest factors from a

theoretically-mediated grasp of the historic roots and continuities which explain the core problem(s) at the current conjuncture. Third, Lewis turned next to identification of generic solutions followed by identification of the constraints to realizing the generic solutions. Finally Lewis advanced policy interventions to relax these constraints together with complementary institutional interventions.

This interpretation of Lewis methodological approach to the development challenge can be illustrated by reference to his seminal contribution to Caribbean economic thought: **“The Industrialisation of the British West Indies”**. Here, Lewis identified the core problem as widespread poverty in the BWI. Lewis can be interpreted to have then advanced what the literature on the philosophy of science would term a ‘a bold hypothesis’ to the effect that: *The British West Indies (and by inference other Caribbean countries) could liberate themselves (from what George Beckford later called) ‘Persistent Poverty’ by investment in high income elastic, manufacturing products for export to metropolitan markets given the (then) dominant manufacturing product processes required a substantial, not particularly skilled, labour input thereby providing a comparative advantage opportunity to low labour cost countries.*

Imagine how audacious if not outrageous Lewis proposal must have appeared in the context of a reality in which 50% of the labour force was in agriculture; education was focused on the primary level, income was low and most importantly the British colonial office had already accepted and embraced the recommendations of the Moyne commission for social welfare improvements but maintenance of the economic status quo ante in terms of continued primary agricultural production. It would be left to the resource poor countries of Asia: Japan and then South Korea and the island economies of Taiwan, Singapore and Hong Kong to exploit the then available labour intensive manufacturing production processes and implement export manufacturing.

## **2. THE 21<sup>ST</sup> CENTURY PROBLEM: GLOBAL AND REGIONAL ECOLOGICAL CRISIS: ARE WE AT THE TIPPING POINT?**

In 2008, as the first decade of the 21<sup>st</sup> century comes to an end, I wish to propose that the core problem is an ecological time-bomb ticking away at the global (including Caribbean) environment, society and economy.

The two key concrete manifestations of this ecological crisis are the widespread and deepening degradation and destruction of the natural environment together with social implosion and incipient civil war. This concept of ecological does not exclude human beings from the matrix of an integrated analysis. In fact, human beings are central to a holistic understanding of the core problem and the fundamental causal factors addressed later.

Hawkins et al in a 2001 book on “ Natural Capitalism” point out, for example, that “*Humankind has inherited a 3.8-billion-year store of natural capital. At present rates of use and depletion, there will be little left by the end of the next century*”.

Summary empirical indicators of global environmental decline include the fact that tropical rainforests are estimated to be disappearing at a rate of 100,000 acres per day. Moreover, some 66% of the global forest loss from 2000-2005 is estimated by UNEP to have occurred in the Latin American and Caribbean region. On average freshwater species populations fell worldwide by about 50% between 1970 and 2000. Since 1900, more than 50% of the world’s wetlands have disappeared. Significant reef degradation also has occurred in ninety-three (93) of the 109 countries in which coral reefs occur.

### ***Carbon Dioxide, global warming and climate change***

There is a possibility of a 1.8 to 6.3° Fahrenheit rise in temperature during this century if atmospheric levels are not reduced. The potential effects include extreme weather events, such as droughts and floods; threatened coastal resources and wetlands by rising sea levels; increased risk of certain diseases by producing new breeding sites for pests and pathogens. Agricultural regions and woodlands are also susceptible to changes in climate that could result in increased insect populations and plant disease and reduced biological diversity. (EPA, 2007)

### **Environmental Trends in the Caribbean**

Environmental degradation trends in the region reflect the global. Since 1980, arable and cropland in the Caribbean has risen 20 per cent. As a result the annual loss of forest cover has averaged 1.7 per cent while the

freshwater fish catch has declined by 12 per cent. Urban growth, 50 per cent greater than population growth since 1980, has resulted in substantial discharge of improperly treated waste. In 1991, only 10 per cent of the Caribbean population was served by central sewerage systems, and nearly 60 per cent of treatment plants in the Eastern Caribbean were operating inefficiently. Very little has changed since then and over 80 per cent of improperly treated municipal waste is estimated to be discharged directly into the sea (UNEP, 2000).

Marine resources also have been altered by inland activity, coastal construction and over-fishing. More than 10 million tons of eroded sediment is deposited yearly in coastal waters of the wider Caribbean because of deforestation and poor agricultural land practices (UNEP, 2000:44). Caribbean reefs, which represent 12 per cent of the world total, are in substantial retreat: exacerbated more recently by climate change-induced coral bleaching

### **Future Regional Trends**

UNEP's 2002 outlook for the future of the Caribbean environment included a 30-year forecast which concluded, inter alia, that increased globalisation and trade will put further pressure on terrestrial and marine resources and that without significant policy reform, market forces will weaken long-run management practice for short-term commercial gain, with continued deforestation and erosion projected.

### **Social Implosion as manifested by Crime**

The growing crime pandemic is now exacerbated by increasing attacks on the very fabric of the system of justice and even on sitting Governments. A recent United Nations and World Bank study on **Crime and Violence in the Caribbean** reports, for example, that the murder rate in the region at 30 per 100,000 of population is the highest for any region in the world. This murder rate has been estimated by the *ECONOMIST* magazine to be four times that of North America and 15 times that of West/Central European average.

Pollution: both the 'human pollution of poverty' and as well solid, liquid, air pollution (inclusive of the toxic dimensions of these waste types) are themselves symptomatic of the failure to recognize that the domination of man over nature may have arrived at the 'tipping point' where nature is now reacting in terms of negative feedback loops.

### **3. GENERIC SOLUTION: THE TECTONIC SHIFT FROM CAPITALISM TO ECONOLOGISM**

The generic solution to the specific contemporary, core realities and problems in the Caribbean today cannot be divorced from the larger global frame in which the region is enclosed.

The key generic, global solution is the urgent need for a tectonic shift from man's domination of nature to a symbiotic relationship between man and nature. It is a moot point as to whether capitalism can make this shift. Hawker et al (2001) have expressed optimism, for example, that capitalism can be transformed into what they call natural capitalism: meaning by this an integration of the economy and nature and they provide examples of actual changes in business systems along these lines. A similar position is articulated by Anderson and Leal(1997) in terms of what they term 'Enviro-Capitalism.'

It is, however, a race against time (and ecological melt-down) since, as Hawken et al themselves concede: *This newly emerging pattern of scarcity implies that, if there is to be prosperity in the future, society must make its use of resources vastly more productive: deriving four, ten, or even a hundred times as much benefit from each unit of energy, water, materials, or anything else borrowed from the planet and consumed*".

#### **ECONOLOGISM.**

Certainly, in the same way that the transition from feudalism to capitalism passed through the stage of merchant capitalism one can infer that capitalism is not going to simply disappear one morning. What one can more logically infer is that capitalism - when it has clearly and manifestly become a 'fetter' on human survival and advance - will morph into another mode of production which would have to be based on a symbiotic relationship between man and nature. Let us call this desired shift: **ECONOLOGISM.**

The term draws on the fact that both Eco-nomics and Eco-logy derive from the same common Greek root word: Eco: meaning Household with the former (Eco-nomics) referring to the human household and the latter (Eco-logy) to nature's household. It is understandable that at the time that the Greeks were 'naming' their reality they would distinguish between the human and nature's household. Today, however, this is not possible or realistic in terms of the impact of human beings on nature and Marx's seminal observation that capitalism marked the tectonic shift from the domination of nature over man to man's domination of nature. The terms **ECONOLOGISM**, therefore, seeks to emphasise the need to integrate both 'households' in a symbiotic relationship.

#### **4. CONSTRAINTS TO REALIZING ECONOLOGISM**

Four constraints are identified as blocking the historically required tectonic shift to a symbiotic relationship between man and nature and these are addressed below.

##### ***(i). Theoretical/conceptual constraint***

Increasing disciplinary specialization in academia and emphasis on empiricism has produced a wealth of information but a poverty of understanding of the 'integratedness of things'. The discipline of Economics is perhaps most at fault here but is not singular in this respect. This blind spot is best illustrated by the dominant neo-classical economics which perceives the open world economy as the unit of analysis in a so-called globalised world. In fact, the open world economy (or open national economy for that matter) is really a sub-set of two other integrated elements of human reality: society and the closed eco-system. The recognition of the closed eco-system alerts us to the logical conclusion that there are limits to the expansion of production and consumption which draw on the environment as a source of useful material inputs but also simultaneously depend on the very same environment to serve as a sink for their waste.

Environmental disciplines have contributed to our enhanced awareness of the importance of the natural environment and this needs to be acknowledged and applauded. However, there is a problem with a narrowly-conceptualized environmental perspective which sees human beings merely as 'villains', as it were, as opposed to recognizing that there also is a social ecology which needs to be linked to the natural ecology since they both form an ineluctable, integrated whole.

##### ***(ii). Sustainable Development Impossible in One Country***

There can be little chance of sustainable development in one country given the recognition that the ecological problem is global in nature. However, we are not all coming to the problem from the same initial conditions. Herman Daly has provided a useful framework by distinguishing between 'Over-developed' and 'Under-developed' economies. An 'over-developed' economy can be defined as one whose per capita natural capital impact, if generalized to the world's population, would lead to ecological collapse (e.g. USA). An 'under-developed' economy, on the other hand, is one whose per capita natural capital impact is not merely well within global carrying capacity but as such a low material level as to only reproduce global poverty and misery if

generalized to all countries (e.g. Haiti). To these two categories of Daly I would myself add the concept of the sustainably developing economy: defined as one which shows *positive trends in terms of the economic, socio-political and environmental indicators of sustainable development* (Scandinavian countries are perhaps examples).

### **(iii). Capitalist ethos of self-interestedness and the Elephant Constraint**

The rise of capitalism is, therefore, the critical theoretico-historic frame within which to locate the current dominant realities of environmental destruction and social disorder. (This is not to acknowledge, as Marx himself did, the positive forces released by capitalism).

Substantial profits are being made by firms and countries from the status quo ante in terms of exploitation of natural resources and emitting of pollutants. The 'Elephant constraint' therefore refers to the fact that 'Over-developed' economies and large population, integrated economies in general, are like elephants: very big and dominant but slow to 'shift gears' or change direction. In purely economic self interested terms, there are trillions of dollars tied up in assets which would need to be written off for the tectonic shift to ECONOLOGISM to be realized. Moreover, one of the derivative constraints would be the uncertainty as to the success of introduction of new, symbiotic production and consumption patterns.

### **(iv). The Governance problem**

Finally, government 'capture' by the owners of these assets (including widespread stock market equity ownership) implies that there are governance constraints (both corporate and national) to the type of radical shifts demanded.

## **5. LITTLE CAYS CAN OPEN MIGHTY DOORS: THE CASE FOR ECO-CARIBE**

David Rudder, in one of his calypsos, laments a world '*which does not need islands anymore*' alluding to the historic role that sugar cane plantation slavery played in the transition to industrial capitalism. Eric Williams captured this historic contribution in 'Capitalism and Slavery' where he noted that: "*The commercial capitalism of the eighteenth century developed the wealth of Europe by means of slavery and monopoly...(and) helped to create the industrial capitalism of the nineteenth century.*"

However, in another of his calypsos, Rudder opines that ‘little cays *can open mighty doors*’. I concur and I am positing that Small and Island Economies (SIDS) can play a decisive role by active policy interventions and institutional innovations to provide a similar knowledge development as that described by another historian, Philip Curtin, who pointed that that plantation slavery contributed substantially to the knowledge base of industrial capitalism: “. . .*the Europeans who ran the (plantation) complex learned a great deal from the experience - in ocean shipping, tropical agriculture and economic management at a distance. All this is a part of the background of the industrial age*” (Curtin1998, p. 204).

The bold hypothesis which I am advancing, therefore, is that: **The Small & Island Economies (SIDS) of the (greater) Caribbean (in collaboration with SIDS in the rest of the world) have the potential to repeat the catalytic contribution made by this region to the tectonic global shift from merchant to industrial capitalism: this time on own and active account and to mutual benefit of all (regionally and internationally).**

The ‘elephant’ constraint provides an opportunity for small and island economies for several reasons. First, the asset constraint in SIDS is not as critical in that there is no stock of assets worth trillions of dollars which would need to be written down or off. Second, the evidence from the economic literature on innovation points out that the diffusion of what is called new “techno-economic paradigms” tends to be more quickly embraced by those at the periphery of the dominant existing paradigm. Moreover, new innovations also tend to be more rapidly embraced by those who have little to lose and much to gain since they are already in desperate circumstances. On all these three scores, many small and island economies in the larger Caribbean region would seem to be well-placed for an early embrace of ECONOLOGISM: We have little to lose and much to gain. Moreover, we are already in significant ecological crisis both in social and environmental terms as described earlier.

Small islands can usefully serve as laboratories for testing theories and linked strategies and policies to realize the transition to ECONOLOGISM since SIDS possess four additional advantages on this score.

- \* There are a large number of small islands scattered almost randomly across all the continents and latitudes.
- \* These islands are of varying sizes and hence offer some variety in the 'test' conditions, while remaining within an acceptable range.
- \* There is a variety of both biological and cultural diversity across these islands to reinforce the 'laboratory' testing criteria.
- \* Finally, the population of the global community of islands also faces a range of political systems from the traditional 'chiefdoms' of the Pacific, through autocratic, authoritarian and more openly democratic and participatory forms of governance.

In other words, SIDS can serve as a 'laboratories' to test and perfect new techno-economic paradigms. Small and island economies can thereby illuminate the theoretical and strategy/policy challenges in simultaneously creating fully employed, globally competitive economies, adapting/building resilience to natural events/climate change, as well as creating consumption and production patterns which are within the eco-cultural carrying capacities of small places together with economic and socio-political equity: **ECONOLOGISM** for short.

### **SPECIFIC POLICY INTERVENTIONS: ECO-CARIBE**

The desirable outcomes will demand a shift to maximizing eco-culturally enhancing production and consumption patterns and minimizing eco-culturally degrading patterns. These in turn will require industrial, trade, technology and Human Resource policies buttressed by foreign investment, fiscal and monetary policy. What is being proposed is, in effect, an **ECO-CARIBE** initiative in which Trinidad and Tobago can play a leading role given its current, temporary hydrocarbon windfall.

**Industrial Policy:** To target production and consumption patterns which maximize eco-culturally enhancing investments and minimize eco-culturally negating investments.

**Trade Policy:** To reinforce industrial policy by linking trade policy and negotiations to the demands of **ECONOLOGISM**.

**Technology Policy:** To further reinforce industrial policy by investment in and/or import of technologies which also are sensitive to the overarching demands of **ECOLOGISM**.

**Human Resource Policy:** To provide the human resource values and, as well, skills demand for **ECONOLOGISM**.

**Foreign Investment Policy:** To target foreign investors who will contribute to the solution, not exacerbate the problem.

**Fiscal and Monetary Policy:** To be used to steer production and consumption systems in the desired directions through a mix of incentives and disincentives (e.g. greening of taxation).

## **INSTITUTIONAL INTERVENTIONS**

There is no need for additional institutions at the regional or inter-regional SIDS level but for improved collaboration and partnerships among existing ones such as CARICOM/CARIFORUM, CEHI, CDB at the inter-governmental level together with a range of regionally linked professional, business, trade union and NGOs organizations. UN agencies such as UNEP, UNDP, UNESCO, FAO, UNIFEM, etc are obvious bridges to the international community together with a range of private, foreign foundations. UWI and other universities and research centres clearly would have a critical role.

### **ECO-AOSIS**

At the inter-SIDS level there exists the Association of Small Island States (AOSIS) and also the incipient University SIDS consortium involving UWI and the Universities of the Virgin Islands, Malta, the Pacific.

### **Governance Reform**

Finally, there would be need at national and regional level for governance reform to provide 'Voice' for a range of communities in the determination and implementation of the policy matrix in the transition to ECONOLOGISM.

### **Conclusion**

'Ridiculous', you say, in response to my hypothesis and proposal as your eyes remain fixed on the ground? Arthur Lewis must have faced a similar, even more negative reaction in 1950. However, hopefully, the intervening 60-odd years has led to sufficient emancipation from 'mental slavery' to allow you to raise your head and see the sky is the limit in terms of the possibility and opportunity we can draw out of the global ecological crisis.