

# THE CARIBBEAN REGIONAL DEVELOPMENT ACT OF 1989

## BACKGROUND AND SUMMARY

In 1983, the Caribbean Basin Initiative (CBI) was launched as a trade and aid package for the region. By 1987, a consensus had begun to emerge among the Caribbean's public, private and non-governmental sectors that the CBI was failing to generate economic growth and development.

As a result, Rep. George Crockett and his House Subcommittee on Western Hemisphere Affairs, in conjunction with the Subcommittee on International Economic Policy and Trade, convened a Congressional symposium in Barbados to hear the views of a panel that included government ministers, heads of regional agencies and private-sector leaders, as well as a wide range of citizen organizations that had not been consulted in the shaping of the CBI. The failure of the Initiative was attributed to this lack of consultation with affected populations and to a number of other causes, including: the bilateral nature of its aid and trade arrangements; an overemphasis on export production in light of U.S. protectionism; increased dependence on imports of raw materials and food; and a lack of attention to the development of strong links within local economies.

The 25-person panel agreed on a long list of policy recommendations to address these shortcomings and, at a similar symposium convened five months later by Rep. Crockett and Rep. Dante Fascell, reviewed, modified and gave their support to legislation drafted in the interim. In July 1989, the Caribbean Regional Development Act (the "Crockett Bill") was approved by the U.S. House of Representatives as part of this year's foreign aid bill (the International Cooperation Act of 1989). The bill is currently pending before the Senate. The main features of the proposed Act can be summarized as follows:

**Support for Appropriate Development.** The Act would replace AID's present trickle-down approach with a mode of assistance that promotes equitable, participatory, self-reliant, environmentally sustainable development geared to increasing food self-sufficiency and diversifying and integrating agricultural and industrial production. It would ensure that the burdens of economic adjustment are not borne by the poor.

**Promotion of Regional Economic Integration.** The Act would require that assistance be channeled to the maximum extent possible through regional institutions, such as the Caribbean Development Bank and CARICOM, which have been bypassed and thus greatly weakened by the Administration. The strengthening of these organizations would help rationalize production in the region, with the goal of meeting the needs of local populations and establishing the basis for the long-term competitiveness of the Caribbean in the international market.

**Recipients of Development Assistance.** The Act would give priority to the support of indigenous democratic Caribbean institutions that represent, work with and benefit the poor and through which the poor participate in the making of decisions that affect them. This assistance would be provided directly to these organizations or through institutions that fund them.

**Agriculture and Rural Development.** Support would be provided to government ministries, regional institutions and non-governmental organizations to increase staple food production for domestic consumption. Assistance would also help to overcome structural constraints to effective rural development by underwriting programs that distribute land and provide assistance to small producers, the backbone of Caribbean agriculture.

**Support for Community-Based Enterprises.** The Act would provide assistance to small and medium-scale locally owned farm, manufacturing and agro-industrial endeavors to promote the processing of indigenous resources for local consumption and export. Support for these undertakings would include financial resources and assistance in the establishment of a marketing network to facilitate intra-regional trade in food.

**Expansion of Tourism.** Support would be provided to help expand tourism in the Caribbean and to more fully integrate it with the local economy through the increased use of local goods and services, particularly local foods, by Caribbean hotels, the provision of managerial training to Caribbeans, and the development and implementation of an improved marketing strategy.

**Support for Regional Institutions.** The efforts of the Caribbean Development Bank and other public and non-governmental regional institutions to strengthen the infrastructure (inter-island transportation and communication links, roads and port facilities) needed to promote regional commercial activity and socioeconomic development would be underwritten by this Act. It would also help to finance intra-regional trade through the replenishment of CARICOM's Multilateral Clearing Facility and help upgrade food-marketing infrastructure by providing resources to the Caribbean Food Corporation.

**Protection of the Natural Resource Base.** The Act would promote agricultural and industrial methods suited to local environmental conditions and support actions that sustain and enhance the region's natural resource base by providing assistance for, among other things, programs that emphasize local small-scale, resource local activities in sustainable agriculture, fisheries and agroforestry.

**Private-Sector Development.** Support would be provided for the diversification and promotion of Caribbean exports, for investments in the Caribbean that are appropriate to the region's needs and for the strengthening of private-sector institutions in a manner that would underwrite the activities of small and medium-sized enterprises and cooperatives and promote the integration of local economies.

**Protection of Worker Rights.** Assistance could not be provided to those governments that do not, or that are not taking legal steps to, extend, protect and enforce internationally recognized worker rights. This provision has particular application to designated export processing zones, which have been promoted by the CBI and in which labor unions have been banned and women workers often exploited.

**Protection of Public Health.** Under this Act, AID could not provide assistance for the use of any chemical or other substance that is not permitted under the laws of the United States or the Caribbean country in question.

**Women's Role in Development.** Emphasis would be placed by AID on ensuring the active participation of women in the development process through the promotion of greater access by women to productive resources and services, programs that support women's domestic needs and activities, and the incorporation of women in project identification, design, management and implementation.

**Consultation and Oversight.** Under this Act, AID would be required to consult closely and regularly with organizations of the poor in all stages of the design and implementation of assistance policies, programs and projects and to reflect the results of such consultations in its annual planning documents and its reports to Congress. The Agency would also be charged with involving Caribbean governments and non-governmental organizations in the monitoring of the effects of U.S. aid on the region's most vulnerable groups. The OTA would conduct an evaluation of AID's performance after three years.