NORTH AMERICA 04.05.2020 | Bert Hoffmann

The curse of the Caribbean

No region depends more on tourism than the Caribbean. Now, during the corona crisis, it's deserted and vulnerable

Read this article in German.

Sun, beach and palm trees: picture-perfect tourism in the era of globalisation. Of the 20 countries in the world that depend most on tourism, 11 are in the Caribbean. Everyone longs to be there. Now, however, borders are sealed, planes grounded and cruise ships stranded at sea. The Covid-19 crisis has plunged the Caribbean into an existential crisis that seriously challenges its development model. In recent decades, countries in the region were optimised for globalisation. But now the globalised economy is imploding and they have got to figure out how to survive.

In many small Caribbean states, tourism accounts for three quarters of foreign exchange earnings and the majority of jobs. On larger islands like Jamaica, one third of the population is directly or indirectly employed in the tourism sector. Over time, the drastic lockdown measures imposed by almost all Caribbean governments will be relaxed. But there is no indication that their economic mainstay will recover. Although tourism authorities and operators seek to spread optimism, Caribbean tourism will not truly recover before a Covid-19 vaccine is widely available. That means that almost all bookings for both the summer and the winter high season will be cancelled. The social policies currently being drawn up won't begin to compensate for earnings lost over such a long period.

For many years, Caribbean countries grew by narrowly focusing on tourism. However, that resulted in great social inequality and massive dependency on imports for nearly all daily necessities, first and foremost food. Seven member states of the Caribbean Community CARCOM, including Jamaica and Trinidad & Tobago, import more than 80 per cent of their food. More than 90 per cent of the food for Antigua, St. Kitts and the Bahamas is imported.

This dependency is now taking its toll: The coronavirus crisis is convulsing global supply chains, including those for food. Higher priced

imports mean that besides the loss of income from tourism, the cost of living is also rising sharply. In recent years, in the Caribbean, too, grandiloquent speeches were made about the need for 'food security'. But that simply didn't pay. Before the tourism boom, Caribbean economies had been predominantly agrarian. The pandemic is now forcing countries to revive their neglected agricultural sectors – manioc and plantains: Local crops for local consumption. What was once derided as a 'romantic' niche economy has become a crucial element of social policy.

The Caribbean's insurance falters

Beyond the coronavirus crisis, sustainable development requires ending US food imports. Processed foods with high sugar, salt and fat content are considered the main cause of the region's greatest health problems: the huge increase in diabetes (now affecting 10 per cent of the adult population) and obesity (more than 20 per cent of men and over 50 per cent of women), as well as hypertension and cardiovascular problems. These are exactly the pre-existing conditions that increase the risk of severe effects from Covid-19.

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Next to tourism, a second pillar of the Caribbean's integration into the global economy results from emigration: Remittances from family members working abroad are crucial to many regional economies, accounting for more than 20 per cent of Haiti's gross national product and 15 per cent of Jamaica's. Even for Cuba, remittances bring in much more money than tobacco and sugar combined.

The Caribbean has experienced dramatic economic and social shocks from hurricanes, earthquakes and volcanic eruptions devastating entire regions. But these affect only individual islands or parts of the region. Emergency aid and reconstruction assistance come not just from neighbouring islands but also from emigrants who support their family members in the wake of such disasters. This has been termed the 'insurance function' of remittances. Now, however, the situation is radically different. With the whole world simultaneously affected by the crisis, relatives in Miami, London and Madrid also have precarious livelihoods and can't send much money home. The World Bank most recently projected a 20 per cent economic slump in Latin America and the Caribbean. The people of the Caribbean are experiencing a crisis their insurance can't stem.

A new look at globalisation

While the coronavirus crisis may be providing a distraction from the climate crisis, the consequences continue to be felt in the Caribbean. Western Cuba suffers from an unusual drought that is seriously impacting Havana's water supply – just when frequent hand washing is more important than ever for keeping the population healthy. As the Bahamas continue to struggle with the devastation of last year's hurricane, meteorologists are warning that already elevated temperatures in many Caribbean waters will cause an 'above-normal' hurricane season this year, too.

The Trump administration has removed the US from any competition for sympathy and 'soft power' so China has it easy. In the Caribbean, as in other parts of the world, Beijing is making a good reputation for itself by supplying medical equipment and protective clothing. The small size of most Caribbean countries is to its advantage: In countries with 100,000 inhabitants, China's small investment has a huge impact. Similarly, Caribbean states that continue to recognise Taiwan can expect rewards for loyalty in the form of facemasks and soft credits. Caribbeans already knew how to use privileges associated with state sovereignty to their economic advantage. Local pandemic management shows that this resource remains valuable.

The logic of comparative advantage dictated that, in order to integrate into the global economy, Caribbean countries had to specialise. This rationale made the region hyper-dependent on tourism – and extremely vulnerable. The climate debate elevated 'resilience', the ability to manage external disturbances, to one of the main development goals. However, the coronavirus crisis is forcing us to take a broader view. Resilience now means building public health structures that can withstand a global pandemic and following a development model that reduces dependencies, even if – as in the case of local food production in the Caribbean – the logic of short-term profitability makes this seem 'uneconomical'.



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