

Opinion Column: Changing Caribbean Economies

By Cdr. Bud Slabbaert
ORANJESTAD - The Caribbean is being stuck with economies that are over-proportionally depending on revenue from tourism and related activities. No, this is not just about hurricanes. If it wasn't the weather, then it was the Zika virus or a recession. It is an economy that was directed in an unsafe direction.

What was in the past is history and what evolved over the years shall not be judged. There is no time for blame games and this is not around politics or politicians from the past until today. It is not about one particular territory but rather about a whole region. What happened yesterday in one location may happen tomorrow in another, or even happen to all. But, as of today, changes are required.

When it's time for changes, and while being aware of potential risks or dangers, then it may be considered negligence if one doesn't make appropriate real tangible changes. Bringing matters back to 'normal' after an unfortunate event is about the same as not making changes. Not being able to make changes, is not being able to respond, or 'ir-response-able'.

Some rave about the Caribbean being the most significant tourism region. That may be true when comparing geographical regions. Considering that the main tourism season lasts approximately half a year, then from an economy viewpoint, it only is a half-truth. Things are never what they seem. Yet, the complacent species may think that what seems to be is always better than nothing. That is no-good for the well-being of an economy and its community.

If tourism revenue is 70-80 percent of an economy, and that tourism season lasts about 6-months, it means that the economy is running on half capacity. If an event hits the tourism industry, the economy will be



in shambles. Using glue to put the broken pieces together is neither a solution nor necessary change. Promoting more tourism activity to fill up the capacity gap is like using one hand to wave the flag and the other hand to hold up the pants. It is a losing game because it represents an even more undesired increase of dependency on tourism.

Diversification of the sources of revenue in the Caribbean economies should be top priority. More efforts should be made and more funding should be available for international business development that is not depending on tourism. That may mean that foreign business development and investment specialists with a proven track record need to be engaged. They must get the appropriate

paraphernalia at their avail to attract new industry segments. This is not about sun, palm trees and white beaches anymore, but more about infrastructure, telecommunication, transportation, etc.

Now that we have the lecturing behind us, let's try to find solutions. I hate the generic statements that sound like coming from an individual with his head in the clouds, like: "We need a unique global sustainable industry development with a secure return of investment!" Sure. Just take a look under the clouds and see what the reality is. To express it a bit more crudely: "Who looked under the oxtail, doesn't like the soup anymore!"

It may be difficult to point out an industry segment that would be attracted to settle on an island rather

than on a continent. However, they do exist but it may need tougher and more intelligent efforts to bring them in. It could be an innovation, research or development center, horticulture, aquaculture, fashion and design, property rights registration and protection, artistry. These few examples are only providing some food for thought. More ideas are needed. Organizing regional 'Think-Tanks' may help.

The Caribbean has a huge amount of capital outside the region and the return of investment of that capital stays abroad. It is called "Human Capital". Young people who went abroad to study and became too overqualified to come home and no appropriate positions that suit their qualifications are available for them.

Some call them the "Diaspora" and think that that's a great name for it. According to the dictionaries, that word belongs in the category of expressions for displaced persons. Not really something to be proud about. Another scary word that could be used in conjunction with it is "Brain-drain", a continuing dynamic in the region.

What might help stopping the brain drain is something

what was listed in the suggestions: innovation research and development centers. Developing knowledge industry. Knowledge can result in solutions. There is always a demand for solutions, and a willingness to pay for it; thus, a market. The intelligence that is bred here locally may attract clientele from abroad. It may result in unique entrepreneurial activities and well-paid positions on island or within the region and the return of investment could remain at home.

'Human Capital' falls in the category of 'Own Capital'. Own capital funds are generally a condition for outside financiers and investors. Without sufficient responsible own capital resources, outside capital givers are not ready for investment. Instead of driving an industry forward that creates employment for room-maids and taxi-drivers, some rethinking needs to be done.

On a different note. It may sound like it is off-the-wall. Studies have shown that the same gene that makes one smarter also makes one more likely to go crazy. And you know what? Being brainy-smart and crazy-cool can lead to more revenue and benefits; it is a proven formula in business and artistry. In business, the brainy-smart outdo the competition; in artistry, the crazy-cool create new styles and trends. Typical is that both outdo their equals by coming up with something more interesting or innovative. The region needs to find something that outdoes others. We have a challenge on our hands. Being able to handle a challenge with true changes creates strength, but in the meantime...., one cannot throw confetti while the revenues are down. □

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