

**REMARKS AT OPENING SESSION, FIRST MEETING OF ECONOMICS
STUDENTS OF THE CARIBBEAN
MAYAGUEZ, PUERTO RICO, APRIL 7, 2000**

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THIS IS INDEED A SIGNIFICANT AND HISTORIC OCCASION—AN OCCASION WHEN THE ECONOMICS STUDENTS OF PUERTO RICO ARE REACHING OUT TO THEIR COLLEAGUE STUDENTS IN THE WIDER CARIBBEAN TO DEVELOP BONDS OF FRIENDSHIP AND PROFESSIONAL COLLABORATION, TO EXCHANGE EXPERIENCES IN THE TEACHING AND LEARNING OF ECONOMICS, TO SHARE PERSPECTIVES IN TACKLING THE ECONOMIC PROBLEMS OUR COMMON HOMELAND, THE CARIBBEAN.

THIS IS THE FIRST ENCOUNTER OF ITS KIND AND IT MUST INDEED BE SIGNIFICANT THAT IT IS TAKING PLACE IN MAYAGUEZ AS AN INITIATIVE OF PUERTO RICAN ECONOMICS STUDENTS. BY TAKING THIS INITIATIVE YOU ARE SAYING TO US "WE ARE NOT ONLY IN THE CARIBBEAN, WE ARE OF THE CARIBBEAN AND WE, THE NEXT GENERATION OF PUERTO RICAN ECONOMISTS INTEND TO TAKE OUR PLACE AS PART OF THE CARIBBEAN FAMILY". WE WHO HAVE TRAVELLED FROM OTHER ISLANDS OF THE REGION AND FROM THE CENTRAL AMERICAN MAINLAND FEEL DEEPLY HONOURED TO BE YOUR GUESTS AND DEEPLY APPRECIATE YOUR HOSPITALITY.

JUST LAST YEAR I HAD THE PLEASURE OF MEETING SOME OF THE ECONOMICS STUDENTS AT THE UNIVERSITY OF LAS VILLAS IN THE CITY OF SANTA CLARA IN CENTRAL CUBA. THEY TOO WERE HUNGRY FOR KNOWLEDGE ABOUT JAMAICA AND THE REST OF THE CARIBBEAN. SO MUCH SO THAT ALTHOUGH A PARTY WAS IN FULL SWING THAT SATURDAY AFTERNOON THEY STOPPED THE PARTY TO LISTEN TO WHAT I HAD TO SAY—FOR SHORT WHILE OF COURSE!

ANOTHER REASON WHY IT IS FITTING THAT THIS MEETING SHOULD BE TAKING PLACE IN PUERTO RICO IS THAT THE CURRENT PRESIDENT OF THE ASSOCIATION OF CARIBBEAN ECONOMISTS IS YOUR OWN PROFESSOR PEDRO RIVERA OF THE DEPARTMENT OF ECONOMICS OF THE UPR IN BAYAMON. PROFESSOR RIVERA HAS BEEN AT THE HELM OF ACE FOR THE PAST FOUR YEARS AND HAS BEEN A DYNAMIC AND INDEFATIGABLE LEADER OF THE ASSOCIATION, SHOWING BY HIS ENERGY AND COMMITMENT THE STRENGTH OF HIS BELIEF IN THE CAUSE OF BRINGING THE CARIBBEAN CLOSER TOGETHER.

OUR ASSOCIATION HAS BEEN IN EXISTENCE FOR THE PAST 13 YEARS. IT IS BASED ON THE BELIEF THAT THE DIVISIONS OF LANGUAGE AND POLITICAL STATUS THAT HAVE KEPT US APART ARE LESS IMPORTANT THAN THE COMMONALITIES OF OUR HISTORY AND THE COMMON PROBLEMS WE ALL FACE—PROBLEMS OF UNDERDEVELOPMENT AND UNEVEN DEVELOPMENT, PROBLEMS OF POVERTY, PROBLEMS OF FINANCIAL DEPENDENCY, THE THREAT OF MARGINALISATION IN THE FACE OF GLOBALISATION.

THROUGH OUR ASSOCIATION WE HAVE BEEN STRIVING IN OUR OWN SMALL WAY TO CREATE A TRADITION OF INTELLECTUAL COOPERATION AND

EXCHANGE ACROSS THE LANGUAGE BARRIERS OF THE ISLAND CARIBBEAN AND THE ADJACENT MAINLAND. WE THINK WE HAVE MADE SOME MODEST STRIDES AND WE ARE HEARTENED BY THE GROWING INTEREST SHOWN BY ECONOMIC STUDENTS AND FACULTY IN PUERTO RICO.

ONE OF THE ISSUES THAT WE AS CARIBBEAN ECONOMISTS NEED TO ADDRESS IS THE THEORETICAL STATUS OF WORK ON OUR REGION. IS THERE SUCH A THING AS CARIBBEAN ECONOMIES, OR CARIBBEAN ECONOMICS, AS DISTINCT FROM ECONOMIES AND ECONOMICS IN GENERAL? THE ANSWER TO THIS QUESTION CANNOT BE TAKEN FOR GRANTED. IN FACT THIS KIND OF QUESTION HAS BEEN THE SOURCE OF RAGING AND SO FAR UNRESEOLVED CONTROVERSIES IN THE DISCIPLINE, ALTHOUGH IT MAY NOT HAVE BEEN EXPRESSED IN EXACTLY THE SAME WAY THAT I HAVE POSED IT.

IN ITS MORE GENERAL FORM, THE AS FOLLOWS: DO ALL ECONOMIES IN GEOGRAPHIC SPACE BEHAVE IN ESSENTIALLY THE SAME WAY, TO THE EXTENT THAT ONE CAN ADDUCE A UNIVERSAL SCIENCE OF ECONOMICS THAT APPLIES TO ALL COUNTRIES AT ALL TIMES, AT LEAST IN ALL RECENT HISTORICAL TIMES?

I BELIEVE IT IS FAIR TO SAY THAT THE ANSWER THAT IS USUALLY GIVEN IS "YES", AT LEAST THAT IS THE ANSWER THAT IS IMPLICIT IN THE WAY THAT ECONOMICS IS TAUGHT IN THE DOMINANT NORTH AMERICAN AND EUROPEAN SCHOOLS IN WHICH MOST OF US HAVE BEEN TRAINED, EITHER DIRECTLY OR INDIRECTLY VIA THEIR LOCAL OFFSHOOTS.

ECONOMIES ARE CONCEIVED AS BEING MADE UP OF AGENTS THAT OPTIMISE THEIR MATERIAL WELFARE, THAT IS UTILITY-MAXIMISING INDIVIDUALS AND PROFIT-MAXIMISING FIRMS. THE MOTIVATIONS AND BEHAVIOUR OF THESE AGENTS ARE ASSUMED TO BE ESSENTIALLY THE SAME EVERYWHERE. ON THIS BASIS CERTAIN LAWS OF ECONOMIC BEHAVIOUR ARE DERIVED THAT ARE ASSUMED TO HAVE UNIVERSAL VALIDITY. THAT IS WHY WE ALL BEGIN, IN ECONOMICS 101, WITH THE NATURE OF COMPETITIVE MARKETS AND THE LAWS OF SUPPLY, DEMAND, AND PRICE.

THIS THEN IS THE WORLD OF THE MARSHALLIAN FIRM, WALRASIAN GENERAL EQUILIBRIUM AND PARETO OPTIMALITY. IT IS A WORLD THAT HAS REASSERTED ITS DOMINANCE AS A RESULT OF THE DECLINE OF KEYNESIAN ECONOMICS AND DEVELOPMENT ECONOMICS IN THE 1980S AND THE REVIVAL OF NEOCLASSICAL ECONOMICS IN THE NORTH AMERICAN GRADUATE SCHOOLS THAT SET THE PACE IN THE PROFESSION, AND THE CONSEQUENT ENTHRONEMENT OF NEOLIBERAL ECONOMIC POLICIES BY MEANS OF THE WASHINGTON CONSENSUS AND THE WTO.

IN SUCH A WORLD, NATIONAL ECONOMIES ARE CONCEIVED OF AS BEING ESSENTIALLY AN AGGREGATION OF THE MICRO-ECONOMIC BEHAVIOUR OF INDIVIDUAL ECONOMIC AGENTS. MACRO-ECONOMICS IS SEEN AS ESSENTIALLY A DERIVATIVE OF MICRO-ECONOMICS, AND ONE THAT IS NOT AS THEORETICALLY CHALLENGING, NOR FOR THAT MATTER AS ACADEMICALLY PRESTIGIOUS.

IN SUCH A WORLD, NATIONAL ECONOMIES DO DIFFER, BUT ONLY IN THE SPECIFICS OF THEIR SIZE, STRUCTURE AND LEVELS OF DEVELOPMENT, NOT IN

THE SUBSTANTIVE BEHAVIOUR OF THEIR ECONOMIC AGENTS AND THE SUBSTANTIVE FUNCTIONING OF THEIR MARKETS. IN SUCH A WORLD, THE NOTION OF A "NATIONAL" ECONOMY THEREFORE CAN ONLY BE DESCRIPTIVE AND EMPIRICAL, NOT ANALYTICAL AND THEORETICAL.

THERE IS A CLOSE CONNECTION BETWEEN THE IMAGINED WORLD OF UNIVERSALISTIC NEO-CLASSICAL MICROECONOMICS, AS I HAVE IN SOME WAYS CARICATURED IT, AND THE REAL WORLD OF GLOBALISATION. THE TEARING DOWN OF BARRIERS TO THE FREE FLOW OF GOODS, SERVICES AND CAPITAL AMONG COUNTRIES IS CARRIED OUT IN THE NAME OF THE ESTABLISHMENT OF A SINGLE GLOBAL MARKET. IT IS ASSERTED THAT THIS WILL REDOUND TO EVERYONE'S BENEFIT.

THE THEORETICAL FOUNDATION FOR THIS PRACTICE IS THE SYSTEM OF OPTIMISING ECONOMIC AGENTS AND FREELY FUNCTIONING MARKETS WHICH, WHEN LEFT MORE OR LESS TO THEMSELVES, WILL SPONTANEOUSLY MAXIMISE THE INCOME AND WELFARE OF THE ENTIRE COMMUNITY. AT THE END OF THE DAY, IT IS ASSERTED, GLOBALISATION IS GOOD FOR EVERYONE, EVEN IF THERE ARE WINNERS AND LOSERS.

IN SUCH A WORLD, THEN, THE NOTION OF A "CARIBBEAN" ECONOMY AND A "CARIBBEAN" ECONOMICS AS A THEORETICALLY AND ANALYTICALLY VALID SUB-CATEGORY OF ECONOMIES AND SUB-DISCIPLINE OF ECONOMICS IS RULED OUT. NEITHER WOULD THERE BE ANY SPECIAL VALUE IN HAVING STUDENTS HERE FROM OTHER PARTS OF THE CARIBBEAN AS DISTINCT FROM SAY, THE UNITED STATES OR FRANCE OR JAPAN OR SINGAPORE.

PEOPLE'S ACTIONS OFTEN QUESTION THE VALIDITY OF THE THEORETICAL SYSTEMS AND THE BELIEF SYSTEMS THAT THEY OTHERWISE PROFESS TO ACCEPT. IN OUR CASE, THE EXISTENCE OF THIS VERY EVENT MAY IMPLY AN UNEASINESS AND SKEPTICISM WITH THE UNIVERSALISTIC PRETENSIONS OF THE DOMINANT ECONOMICS, EVEN WE HAVE NOT EXPLICITLY FORMULATED IT AS SUCH.

IT IS WORTHWHILE, THEREFORE, CONSIDERING THE THEORETICAL DIMENSIONS OF A NON-UNIVERSALISTIC ECONOMICS, ONE THAT RECOGNISES THE POSSIBILITY OF SUB-CATEGORIES OF ECONOMIES AND SUB-DISCIPLINES OF ECONOMICS.

ESSENTIALLY, THIS APPROACH ARGUES THAT THE BEHAVIOUR OF ECONOMIC AGENTS AND THE FUNCTIONING OF MARKETS ARE STRONGLY, OR AT LEAST SIGNIFICANTLY, CONDITIONED BY THE NON-ECONOMIC CONTEXT IN WHICH THEY TAKE PLACE--THE CULTURAL, INSTITUTIONAL, STRUCTURAL AND INDEED POLITICAL CONTEXT.

THIS APPROACH DOES NOT DENY THE EXISTENCE OF OPTIMISING OR MAXIMISING BEHAVIOUR BY ECONOMIC AGENTS. OF COURSE, IT CAN BE READILY CONCEDED THAT PEOPLE AND FIRMS DO TEND USUALLY TO SEEK THEIR OWN ECONOMIC ADVANTAGE OR AT LEAST SATISFACTION. IT ASSERTS HOWEVER, THAT SUCH BEHAVIOUR IS MEDIATED BY CULTURAL VALUES AND SOCIAL NORMS AND A REGULATORY FRAMEWORK. THIS CONTEXT CAN VARY SO SIGNIFICANTLY FROM SOCIETY THAT THE SAME POLICIES IN TWO COUNTRIES CAN LEAD TO DIFFERENT RESULTS, BECAUSE OF DIFFERENT KINDS OF

RESPONSES FROM ECONOMIC AGENTS AND DIFFERENCES IN THE WAY THAT MARKETS FUNCTION.

TWO EXAMPLES OF THIS MIGHT BE THE WIDE VARIETY OF RESPONSES TO DEVALUATION POLICIES, AND TO POLICIES OF FINANCIAL DEREGULATION, THAT HAVE ACCOMPANIED STRUCTURAL ADJUSTMENT PROGRAMMES IN THE DEVELOPING WORLD.

IT NEEDS TO BE EMPHASISED TOO THAT THIS APPROACH DOES NOT REJECT THE USE OF THE FAMILIAR TOOLS OF ECONOMIC ANALYSIS SUCH AS THOSE RELATING TO THE BEHAVIOUR OF INDIVIDUALS, FIRMS, AND MARKETS; ECONOMETRIC ANALYSIS, AND THE LIKE.

THE DIFFERENCE IS A MORE SUBTLE ONE. ECONOMICS IS REGARDED AS A METHOD OF INVESTIGATION, AND OF ANALYSIS, OF THE MATERIAL BEHAVIOUR OF AGENTS IN THE REAL WORLD. TO THE EXTENT THAT DIFFERENCES IN CULTURE, INSTITUTIONS, AND STRUCTURES GIVE RISE TO DIFFERENCES IN THE FUNCTIONING OF MARKETS AND OF MACRO-ECONOMIES IN SPECIFIC SETTINGS, WE MIGHT INDEED SPEAK OF PARTICULAR "NATIONAL" ECONOMIES TO WHICH A SPECIFIC "ECONOMICS", IN THE SENSE OF A SET OF BEHAVIOURAL PRINCIPLES OR TENDENCIES, APPLY. HOWEVER, THIS CANNOT BE ASSUMED A PRIORI BUT CAN ONLY BE ESTABLISHED BY EMPIRICAL, CONTEXT-SPECIFIC INVESTIGATION. ECONOMICS, TO QUOTE DUDLEY SEERS, IS ABOUT HOW ECONOMIES WORK. THE MATERIAL, OR ECONOMIC, SPHERE OF HUMAN EXISTENCE IS NOT A PRIORI ASSUMED TO BE THE DOMINANT SPHERE, TO THE DEGREE THAT THE FUNCTIONING OF MARKETS, AND BY EXTENSION NATIONAL ECONOMIES, CAN BE DERIVED FROM THE MATERIALLY OPTIMISING BEHAVIOUR OF INDIVIDUALS AND FIRMS. IF YOU LIKE, *HOMO ECONOMICUS* IS CONFINED TO WHERE HE PROPERLY BELONGS, TO THE WORLD OF FANTASY.

APPROACHES OF THIS KIND ARE ASSOCIATED WITH SEVERAL CURRENTS LYING OUTSIDE OF THE MAINSTREAM OF THE ECONOMICS DISCIPLINE—EVOLUTIONARY ECONOMICS, INSTITUTIONAL ECONOMICS, STRUCTURALISM, THE REGULATION SCHOOL, AND ECOLOGICAL ECONOMICS.

IT IS A SAD FACT THAT MANY, IF NOT MOST, OF OUR ECONOMICS STUDENTS IN THE REGION GRADUATE WITH BACHELOR'S, MASTER'S AND EVEN DOCTORAL DEGREES WITHOUT BEING EXPOSED TO THIS LITERATURE. SAD BECAUSE IT IS SURELY CONTRARY TO THE TRUE SPIRIT OF SCIENTIFIC ENQUIRY THAT ONLY ONE KIND OF ECONOMICS SHOULD BE TAUGHT.

MAY I EXPRESS THE WISH THAT THE STUDENTS OF ECONOMICS WILL SEEK OUT AND STUDY THIS LITERATURE AND PRESS FOR IT TO BE ADDRESSED IN UNIVERSITY ECONOMICS PROGRAMMES IN THE REGION.

WITHIN THE ENGLISH-SPEAKING CARIBBEAN THE MOST AMBITIOUS ATTEMPT SO FAR TO ESTABLISH THE EXISTENCE OF A "CARIBBEAN" ECONOMICS WAS THE SO-CALLED PLANTATION SCHOOL AT THE UNIVERSITY OF THE WEST INDIES IN THE LATE 1960S AND 1970S. THE POINT OF DEPARTURE FOR THE PLANTATION SCHOOL WAS THE OBSERVATION THAT HISTORICALLY, CARIBBEAN ECONOMIES HAD STARTED LIFE BY BEING PASSIVELY INCORPORATED INTO AN OVERSEAS ECONOMIC SYSTEM DOMINATED BY MERCHANT CAPITAL.

THE PLANTATION SYSTEM AS IT EMERGED IN THE BRITISH, FRENCH AND DUTCH ISLANDS AND MAINLAND COLONIES IN THE 17TH AND 18TH CENTURIES AND THE SPANISH IN THE 19TH AND 20TH CENTURIES IMPORTED ALL OR MOST OF THEIR SUPPLIES, EXPORTED THE BULK OF ITS OUTPUT, HAD ITS ECONOMIC SURPLUSES REPATRIATED TO OVERSEAS CAPITALISTS, RELIED ON PREFERENTIAL TREATMENT OF ITS PRODUCT IN OVERSEAS MARKETS, AND SUFFERED FROM A TENDENCY TOWARDS LONG-TERM STAGNATION DUE TO DECLINING TERMS OF TRADE AND A BUILT-IN INFLEXIBILITY OF RESOURCE USE.

THE BOLDEST ASPECT OF THE ANALYSIS WAS WHERE IT SOUGHT TO IDENTIFY THE STRUCTURAL CONSTRAINTS ON THE GROWTH AND TRANSFORMATION OF CONTEMPORARY CARIBBEAN ECONOMIES AND TO ATTRIBUTE THESE TO THE HISTORICAL LEGACY OF THE PLANTATION SYSTEM AND THE PERVASIVENESS OF PLANTATION-TYPE INSTITUTIONS IN THE CONTEMPORARY ECONOMY IN THE FORM OF THE MULTINATIONAL CORPORATION (MNC).

IN OTHER WORDS THE PLANTATION SCHOOL SOUGHT TO EXPLAIN THE PERSISTENCE OF UNDERDEVELOPMENT AND DEPENDENCE AND THE DYSFUNCTIONAL BEHAVIOUR OF DIFFERENT AGENTS IN CONTEMPORARY CARIBBEAN ECONOMIES BY REFERENCE TO THE CULTURE AND INSTITUTIONAL CONTEXT INHERITED FROM HISTORY.

THIS THEORY BECAME THE SUBJECT OF CONSIDERABLE DEBATE. WAS IT EXCESSIVELY DETERMINISTIC? TOO REDUCTIONIST? DID IT REALLY APPLY TO THE ENTIRE CARIBBEAN? WAS IT REALLY A USEFUL GUIDE TO POLICY?

TIME WILL NOT ALLOW US TO GO INTO THESE QUESTIONS IN ANY DETAIL. I HAVE OFFERED MY OWN VIEWS ON THEM IN ANOTHER FORUM. I HOPE, HOWEVER, IN YOUR DELIBERATIONS YOU WILL CONSIDER THE POSSIBLE VALUE OF REVIEWING PREVIOUS ATTEMPTS AT ECONOMIC THEORISING FOR THE CARIBBEAN ECONOMIES, SUCH AS THE PLANTATION SCHOOL.

I STARTED BY EXPRESSING APPRECIATION OF THE REACHING OUT TO THE CARIBBEAN THAT THIS EVENT SIGNIFIES. IT COULD NOT HAVE COME AT A MORE OPPORTUNE TIME. IN RECENT YEARS, REGIONALISM IN THE CARIBBEAN HAS TAKEN ON NEW LIFE AND DYNAMISM. THE MAINLY ENGLISH-SPEAKING NATIONS OF THE CARIBBEAN ECONOMIC COMMUNITY—CARICOM—HAVE OPENED THEIR DOORS TO DUTCH SPEAKING SURINAME AND FRENCH SPEAKING HAITI. THERE IS ALSO CARIFORUM, A GROUPING THAT INCLUDES CARICOM AND THE DOMINICAN REPUBLIC AND MAY SOON INCLUDE CUBA. THE NATIONS OF CARICOM CONDUCT THEIR TRADE NEGOTIATIONS AS A SINGLE BODY THROUGH WHAT IS KNOWN AS THE REGIONAL NEGOTATING MACHINERY.

AND NOW WE HAVE THE ASSOCIATION OF CARIBBEAN STATES, WHICH GROUPS TOGETHER ALL 25 STATES IN THE CARIBBEAN BASIN, FROM MEXICO IN THE NORTHWEST TO SURINAME IN THE SOUTHEAST, EMBRACING CENTRAL AMERICA, THE SOUTH AMERICAN COUNTRIES BORDERING THE SEA, AND ALL THE ISLAND NATIONS.

THE ACS GROUPING CONTAINS NEARLY ONE-HALF OF THE ENTIRE POPULATION OF THE ENTIRE LAC REGION, ONE-THIRD OF ITS GDP, AND OVER ONE-HALF OF THE FOREIGN TRADE. THE ACS IS DEVELOPING ITS CO-OPERATION AROUND THE AREAS OF TRADE, TRANSPORT, SUSTAINABLE TOURISM, THE COMMON

MANAGEMENT OF THE CARIBBEAN SEA, THE MANAGEMENT OF NATURAL DISASTERS, AND SCIENCE, TECHNOLOGY, HEALTH, EDUCATION AND CULTURE. INTERESTINGLY, PUERTO RICO IS NOT YET A MEMBER OF THIS GROUPING, ALTHOUGH SEVERAL OTHER COUNTRIES HAVE TAKEN UP THE OPTION OF ASSOCIATE MEMBERSHIP ALLOWED BY THE ACS CONVENTION, NOTABLY THE NETHERLANDS ANTILLES, ARUBA, AND THE FRENCH CARIBBEAN COUNTRIES OF MARYINIQUE, GUADELOUPE AND GUYANE.

THIS IS AN ANOMALY, AS PUERTO RICO IS THE LARGEST SINGLE ECONOMY, IN TERMS OF GDP, IN THE ISLAND CARIBBEAN, AND HAS SIGNIFICANT TRADE AND OTHER INTERESTS IN THE BASIN. MEMBERSHIP FOR PUERTO RICO COULD OFFER SIGNIFICANT MUTUAL BENEFITS AND I AM SURE THAT EVERYONE LOOKS FORWARD TO SUCH A DEVELOPMENT.

MY LAST WORD IS TO YOU, THE STUDENTS. I AM CONVINCED THAT IF THE CARIBBEAN IS TO BE INTEGRATED THEN IT IS THE PEOPLE WHO WILL DO IT. GOVERNMENTS CAN ONLY PROVIDE THE FRAMEWORK. AND AMONG THE PEOPLE IT IS THE YOUTH AND STUDENTS WHO WILL LEAD IT.

LET US DREAM ABOUT THE DAY WHEN THERE WILL BE CELEBRATED A CONGRESS OF ECONOMICS STUDENTS OF THE GREATER CARIBBEAN TO ADOPT A DECLARATION ON THE DEVELOPMENT AND INTEGRATION OF THE CARBBEAN BASIN.

THAT IS THE CHALLENGE THAT I WISH TO LEAVE WITH YOU. I WISH YOU EVERY SUCCESS IN ACCOMPLISHING YOUR GOALS.

(ENDS)