Is the Neoliberal Industrial Export Model Working?:
An Assessment from the Eastern Caribbean*

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The global economic environment is favorable to continued integration of developing countries into the world economy. (...) [L]agging countries risk being left farther behind. (...) For economies that remain inward-looking, the risk of becoming marginalized is greater than ever....

Zia Qureshi, Principal Economist in the World Bank's Latin American and Caribbean Office (1996, 31-33)

The above quote illustrates a common line of argument in the development literature. The quote suggests that the emphasis on exports in neoliberal policy is not only good for development, but that it is indeed presently the only hope for development for Third World countries. Neoliberalism's critics can be equally categorical. In reaction to this type of totalizing and overgeneralized discourse, this paper examines in some detail the ground-level outcomes of neoliberal development policy in the Eastern Caribbean. It focuses on factories producing nontraditional exports, which comprise a central component of the neoliberal development strategy for small Third World countries. The paper's empirical contribution is a focused presentation and assessment of the working conditions in and international competitiveness of five representative exporting factories on the island of St. Lucia. The empirical study reveals attributes of these firms that are crucial for assessing their economic prospects and contributions to national development. That assessment, in turn, allows for a broader appraisal of the state's neoliberal development policy. To the extent that the empirical reality does not match the neoliberal development plan, the assessment considers various inhibiting factors. The paper contributes to the task of gathering and analyzing empirical evidence regarding economic and social impacts of neoliberal policy.

* Readers interested in a 15 minute video documentary filmed in the five factories featured in this paper and useful for teaching should contact the author at KLAKT@MUOhio.edu. Earlier drafts of this paper were presented at the annual meetings of the Association of American Geographers in Boston, March 25-29, 1998, and the Caribbean Studies Association in Antigua, May 26-30, 1998. I thank Ed Jackiewicz, Kathy McAfee, Garth Myers and the anonymous reviewers for their helpful comments.
Theoretical Context

This paper interfaces with three parts of the existing conceptual literature on neoliberal development in Latin America, parts that differ in their level of specificity. The paper links with works concerned with (1) the appropriateness of neoliberal policy as a whole, (2) the success of nontraditional export promotion as a development strategy in small Latin American countries, and (3) the global competitiveness of participating firms. Ideas associated with each of these literatures will be introduced before considering them in the context of a detailed case study of five export-oriented factories.

Firstly, and as introduced above, while certainly not all scholarly presentations of neoliberalism can be divided into polarized ideological camps (see e.g., Conaghan et al. 1990; Barham et al. 1992), a notable portion of the literature on neoliberalism at least implicitly embodies a position of being fundamentally for or against it. Each polarized camp has its insights and shortcomings. It is important to highlight and critique issues associated with the literature treating neoliberalism as a whole because it influences research attempting to evaluate more specific components of export-oriented development.

One literature ranges from overtly to implicitly sympathetic to neoliberal development policy, and treats it rather uncritically and unremarkably. In these accounts, the reforms flow forward as a set of rational and enlightened responses to emerging economic circumstances. The reforms came once policy makers realized their inevitability and obvious benefits. From among these works we learn mainly about the basis of the reforms in macroeconomic theory and the positive macroeconomic effects, but hear little about the contradictory socioeconomic processes accompanying them within Latin American and Caribbean countries. The pro-neoliberalism literature itself can be divided into two subgroups. One branch emphasizes macroeconomic variables, is well represented by economists affiliated with the World Bank and other international development agencies from the North Atlantic region, and is openly supportive of structural adjustment and the neoliberal project (e.g., Williamson 1990; 1993; Nelson 1990; Krueger 1993; Sachs 1995). A second branch presents political historiographies of the transition process. While not universally pro-structural adjustment, this literature also implies that it is the appropriate, forward-looking policy path for Latin America and the Caribbean (e.g., Paus 1988; Culpeper 1991; Tussie and Glover 1993; Thouni and Grindle 1992; Grindle and Thouni 1993; Sheahan 1994; de Janvry et al. 1994; Hojman 1994).

In contrast with the pro-neoliberalism literatures outlined above, a second body of research exists which has intellectual roots in dependency theory. 

ACP – African-Caribbean-Pacific countries
CARICOM – Caribbean Community and Common Market
ISI – Import Substitution Industrialization
NDC – National Development Corporation
NEP – nontraditional export promotion
NWU – National Workers Union
USAID – U.S. Agency for International Development
VS – Victoria’s Secret
WTO – World Trade Organization
These writings stress the ways that external powers and pressures are pushing Latin American countries towards neoliberalism (e.g., Petras and Morley 1992; Bello 1994; Danaher 1994; Brohman 1995; Green 1995). This literature highlights the role of exogenous factors and forces without which, it argues, there-simply would be no neoliberalism in Latin America and the Caribbean. Ex-ternal factors contributing to neoliberalism include oil price shocks, deteriorat-ing terms of trade, the pro-North Atlantic agendas of the international devel-opment agencies, and ‘the debt trap’ (e.g., Payer 1974; Acosta 1990). Like the pro-neoliberalism literature, however, the dependency theory-based work pays inadequate attention to the details of domestic processes accompanying the policies.

These two ideologically polarized literatures hold contrary views regarding the definition of the region’s economic, political and social problems and their solutions. It is unlikely that one literature is wholly right, to the exclusion of the others’ contributions to explaining economic development and policies. The analytical damage of this intellectual polarization is that preconceived notions of ‘good and bad’ cloud the empirical analysis. Another weakness shared by the two groups of literature is the inadequate attention paid to local, ground level details. In particular, the behavior of firms and the relations between the host state, firms, and labor have been underexamined. In response to these shortcomings, this paper attempts to steer clear of supporting or critiquing neoliberal development per se. It aims instead to examine empirical evidence for nontraditional export industries to see if that evidence supports neoliberalism’s propositions and vision. The aim of this paper is to examine the state, capital, and labor with regard to their roles, powers, constraints, complaints, and conditions. Taken together this information will help to reveal some of the dynamics of this emerging global form – nontraditional manufacturing for ex-port. We turn now to the other two more issue-focused literatures associated with neoliberal development.

A second body of research associated with neoliberalism examines nontradi-tional export promotion (NEP) as a development policy for small Latin Amer-ican countries. Since the 1980s, the IMF, the World Bank, and USAID have encouraged governments in the Caribbean Basin to promote nontraditional agricultural and industrial exports as a way out of the crisis of foreign debt and the collapse of traditional exports. As explained more fully below, NEP in St. Lucia (like most Caribbean islands) has focused primarily on industrial rather than agricultural products, and so this paper too emphasizes manufacturing. Conceptually, however, the policies promoting the two sectors have many simi-larities (Thrupp 1995; Klak 1998). As a result of the decline in traditional ex-ports and the expansion of new ones, a significant shift in the composition of Caribbean exports has indeed occurred over recent years. For many Caribbean countries, such nontraditional industrial exports contributed one-quarter to one-half of total exports to the U.S. by the 1990s (Schoepflé and Pérez-López 1992, 136). If measured by recent growth in foreign exchange earnings and employment, the Caribbean region’s two most important economic sectors are now manufacturing for export and tourism. As noted below, however, upon closer inspection Caribbean nontraditional exports display a number of signif-icant weaknesses.

NEP has involved a wide range of public expenditures and incentives de-
signed to encourage investment. Governments have established extraterritorial sites for manufacturing outside local regulations (called free zones or export processing zones), and have offered investors duty and tax holidays of 10-15 years or more, and unrestricted repatriation of profits (Deere et al. 1990; World Bank 1992). Other public costs associated with the promotion of nontraditional exports include expenditures for staffing public agencies, advertising the free zones abroad, preparing, operating and maintaining the industrial sites, entertaining prospective investors, training workers, and assisting foreign managers to establish operations and new residences and to hire desirable workers. Incentives and associated expenditures such as these have become standard offerings in many peripheral countries. As a result, they have come to serve as expensive antes into the international game of investment promotion, rather than as targeted and cost-effective means to expand exports (Klak and Myers 1997). As Dicken (1994: 112) puts it, states, like firms, 'are locked in competitive struggles' over investment.

While the many incentives noted above have become standard policy, it takes much more to build a thriving nontraditional export sector. Writing in neoliberal parlance, Cedric Pugh summarizes what it takes for countries to export successfully in the international marketplace. He argues that success requires:

...multi-institutional adjustments in governance, firms, NGOs and households. The adjustments require not simply a reactive response to change, but some networked or coordinated entrepreneurial perceptions and actions to anticipate and to set new 'path developments' for medium-term future change (Pugh 1995: 268).

Identifying and filling nontraditional export market niches can therefore be seen as central to this neoliberal development strategy. The question is how well the promotional agencies have performed against such criteria, an issue taken up below for the case of St. Lucia.

Other papers concerned with NEP have offered analytical frameworks to guide further empirical research (Barham et al. 1992; Klak 1995). The frameworks highlight the importance of gathering evidence for such key issues as competitive advantage (explored further below), production linkages between firms, the participation of nationals in running the exporting firms, environmental sustainability, and the differential impacts of policies by class and gender. Griffith (1991) raises other concerns related to the control over industrial technology. He argues that it is very unlikely that anyone from the Caribbean host countries will be able to harness or control any competitive production technologies in the foreseeable future. Other research on NEP by economists provides evidence of other problems, such as yearly export fluctuations, continued trade imbalance in favor of imports, and low wages and low skill acquisition (Tirado de Alonso 1992). A common policy concern in the literature is the overemphasis placed in NEP on the availability of low wage, unorganized and low skill employees (Warr 1989; Safa 1992; Klak 1998). Relatedly, other researchers argue that NEP is a self-contradictory development policy, inasmuch as the competitive advantage rests on labor cost minimization rather than on
more development-oriented criteria such as the productivity/wage ratio (Deere et al. 1990).

With regard to the evaluation of NEP as a development policy, some researchers have stressed the importance of obtaining quantitative measures of the full public costs of NEP against the national benefits. Unfortunately, this has turned out to be very difficult to accomplish. A few researchers have pursued such evidence empirically to find it sequestered in inaccessible government accounts (Watson 1990; Barham et al. 1992; Klak 1995). Many of the public costs of NEP are hidden in foreign loan packages, off-budget funding, inter-agency transfers, creative accounting and parastatal agencies. It is therefore important to note the lack of evidence to support the oft-repeated claim that NEP represents a net national gain (e.g., Boyne 1992; Roberts 1992; COMEX 1993).

A third relevant literature associated with neoliberalism has examined the global competitiveness of exporting firms, and has viewed them in the context of their relationships to the state and other firms. The seminal work in this field is Michael Porter’s The Competitive Advantage of Nations (1990). He asks ‘Why do some nations succeed and others fail in international competition?’ He pursues an answer by analyzing successful countries and policies, and their most competitive manufacturing sectors and firms. He finds that an industry is most likely to succeed in the presence of four mutually reinforcing factors called ‘the diamond’. The country should possess factor endowments such as skilled labor and infrastructure that are appropriate for that industry, there should be suitable domestic demand for the products, support industries and clusters of related firms should be well developed, and there should be innovative strategies in and healthy rivalry among firms. He then argues that government policies that promote these factors and help cultivate selected innovative and aggressive firms help make the difference. Competitive advantages accrue only to those ‘who can perceive their significance early and move aggressively to exploit them’ (Porter 1990: 47). A related conceptualization of industrial dynamism is Saxenian’s (1994) ‘local industrial system’. Such a system is underlain by a common culture that develops among firms within a competitive region such as Silicon Valley in the U.S., and which fosters communication and innovation.

Research that applies concepts consistent with the notion of competitive advantage to small Latin American countries has mainly found evidence of its absence (Thoumi 1989; 1992; Klak 1996; 1998). One collection of papers suggests that neoliberal policy has failed to integrate firms so as to create agglomeration economies, to cultivate innovation and technology so that the host country is more internationally competitive, and to educate the work force (Bradford 1994). This group of researchers would like to see the state act more like a development ‘catalyst’. A catalytic state would provide coordinated and strategic development planning, deliver modern industrial infrastructure, link firms into production networks, cultivate technological innovations, and educate the public (Bradford 1994: 69). This is obviously a tall order. It would contribute additional financial and other resource strain to states that are already deeply burdened by the demands of nontraditional export promotion, as the St. Lucia case illustrates.
Potential Insights from St. Lucia Concerning the Shift to Nontraditional Export Industries in the Global Periphery

St. Lucia provides an interesting and revealing case for studying the global transition from protectionism towards neoliberalism. Until recently, it was extremely reliant on a single cash-crop (bananas) that brought relative prosperity. As its guaranteed banana market in the U.K. now appears to be evaporating, St. Lucia is being forced to shift quickly towards new sources of jobs and export earnings. The three sources under discussion have been nontraditional agriculture, nontraditional manufacturing, and tourism which caters primarily to the North American and European markets. The emerging tourism sector in the Caribbean has been reviewed and critiqued elsewhere (e.g., Barry et al. 1984; Pattullo 1996). Regarding export-oriented manufacturing, other analysts have suggested that St. Lucia, despite its tiny size, limited resources, and inexperience, is successfully cultivating a sizable, diversified, integrated, and competitive industrial sector. These accounts, elaborated below, prompt the present more detailed investigation of exporting factories. To the extent that St. Lucia has achieved such success, it should offer lessons for the many other small, underindustrialized Third World countries that are now pursuing similar development policies.

In the 1950s, British public authorities and private shipping firms encouraged its then colonies (today referred to as the ACP – African-Caribbean-Pacific – countries) to shift from sugar cane to bananas. Britain offered a guaranteed market and good prices for all the bananas that they could grow. St. Lucian farmers responded wholeheartedly, digging up or abandoning many other crops to specialize in bananas (Welch 1994). The island's growing reliance on bananas continued through the 1980s as thousands of additional acres were converted or deforested to grow them (Barrow 1992). As a result, St. Lucia was by then one of the countries most dependent on the export of a single cash-crop. This dependence on a guaranteed overseas market for a single cash-crop had its positive side. It fueled a growth of prosperity on the island and especially its many small family farmers (Barrow 1992). St. Lucia climbed to a rank of 76th out of 174 countries on the Human Development Index, a broad measure of social and economic conditions. EU rulings in recent years, however, began a gradual phase-out of the ACP countries' special market access (Wiley 1996). A 1997 World Trade Organization decision pushed the phase-out of special market access further along by ruling it illegal. Eastern Caribbean countries are appealing the WTO ruling, while the United States and EU are politically skirmishing over its interpretation. It is likely, however, the days are numbered for special market access for Caribbean bananas.

Despite their foreboding market prospects, bananas have become too central to rural society for farmers to abandon them quickly, especially given the alternatives. Farmers have found that local and foreign markets for most other agricultural products are fraught with difficulties (Thrupp 1995). Thus, as of 1997, more than two-thirds of St. Lucia's agricultural land was still devoted to bananas. The remainder primarily produced food for local subsistence consumption within extended family networks or for sale in local outdoor markets. The shift to new sources of foreign exchange earnings has therefore needed to concentrate on manufacturing and tourism. The aim is to replace the stable and
secure national income from bananas with revenue from sources suitable to the present era of more open trade relationships, and to avoid the vulnerability associated with relying on a single product and single North Atlantic market.

The few written observations on St. Lucia’s transition towards an economic reconfiguration that features nontraditional export industries are generally encouraging. Ferguson (1997: 43) reports that a full fourteen percent of national employment now derives from factories located in export processing zones. Goss found evidence of flexibilism in some of those same factories, whereby workers are involved in production decision making that engages and vests them in the firm’s success, and makes the firm more competitive (Goss and Conway 1992; Goss and Knudsen 1994). Willmore (1993; 1995) adds praise for the state’s role in the transition. He argues that St. Lucia demonstrates how sound policy towards promoting manufacturing exports can make a difference, by generating backward linkages into the local economy (the cardboard for packaging is locally produced) and helping investors to create factory jobs. Further, recent data on the sectoral breakdown of manufacturing indicate that St. Lucia has managed to avoid relying too heavily on the hyper-competitive garment sector. It has instead attracted a considerable number of firms specializing in electronics, plastics, and agroprocessing (Goss and Conway 1992; Willmore 1993). This research, when considered in light of the literature on nontraditional export promotion and competitive advantage, implies that St. Lucia is on its way to making a successful neoliberal transition. The research suggests that St. Lucia is building evidence of how a small Third World country can rise out of primary product dependency and fill a competitive industrial export niche. Such an interpretation becomes more striking when considered in light of an historical understanding of the Caribbean as a backwater region under exogenous political and economic constraints that have made economic dynamism and innovation rare (Thomas 1988; Richardson 1992; Mandle 1996; Klak 1998).

Nontraditional Manufacturing for Export from St. Lucia: An Overview

How well has St. Lucia performed in light of the earlier characterization of a successful neoliberal exporting regime, in which one should find ‘networked or coordinated entrepreneurial perceptions and actions’? A central player in St. Lucia’s efforts to create new sources of foreign exchange is the parastatal agency, the National Development Corporation. Within its array of duties, NDC seeks to promote foreign investment and to expand nontraditional exports, ranging from garments and electronics, to processed agricultural goods and data. The agency’s functions and the associated investor subsidies parallel those of its counterparts throughout the Caribbean Basin and beyond. NDC’s mission and approach reflects the general outline of the role assigned to peripheral states in the neoliberal transition. This role is usually carried out by newly created parastatal agencies that were initially funded in whole or part by the U.S. Agency for International Development (Klak 1996; Clark 1997).

NDC’s stated objectives are to use product differentiation and niche marketing to revive and reorient the country’s manufacturing sector, and to increase
its contribution to national development (MFSN 1997: 55). NDC pursues these broad objectives by planning and executing industrial site development on the vast land holdings under its authority. NDC also leases, maintains, and eventually, after the foreign loans for construction are repaid, tries to sell the factory shells (thus far unsuccessfully). In accordance with national development plans that encourage investment in manufacturing for export, NDC charges rents for factory space that is priced at ‘very reasonable concessionary rates’, as the Permanent Secretary in the Ministry of Commerce, Industry, and Consumer Affairs phrased it (Richardson 1997). Fifteen-year tax holidays (that are usually extended when they near their end), tariff-free import of industrial inputs, unlimited repatriation of capital and profits, and worker training programs round off the St. Lucian government’s offerings to qualified investors (NDC 1997b).

Agencies such as NDC that promote investment and exports cannot expect to recover their operational costs through the income they receive from the rental or sale of land and factory shells. To the contrary, proffering significant subsidies to (primarily foreign) investors has become a mandatory component of this development strategy, as the following comments by the head of NDC illustrate. In November 1996 Jacki Emmanuel Albertini became the new General Manager of NDC after years of work in the private sector. At a meeting soon after taking office with her more senior counterparts from Barbados, Jamaica, and other Caribbean countries, Albertini rather naively asked when and under what conditions an agency such as NDC can be expected to move into the financial black. Their response, as she put it, was, ‘child, it will never be’. Short of the seemingly impossible goal of financial solvency, Albertini is instead more modestly ‘trying to keep her head above water’ regarding the scale of NDC’s financial deficit (Albertini 1997). Furthermore, NDC has limited funds to deliver quality service to its investor clients. The agency’s burdensome expenses associated with investment promotion, site development, maintenance, management, and unpaid factory rental bills have left it with inadequate cash flows, limiting its capacity to service its factory shells and to respond to tenant requests for basic assistance. NDC’s inadequate site servicing and responses to its customers undercuts the broader national development policy of using state agencies and national resources to create pro-investment conditions.

In sum, NDC is a significant user of foreign exchange, although a full accounting of costs versus benefits of nontraditional export promotion has, to my knowledge, never been done in St. Lucia or elsewhere in the Caribbean Basin. NDC is also financially strapped, overburdened and overextended in terms of responsibilities and projects. A ramification of these constraints is that NDC has little room for forward thinking and planning that could identify emerging market niches in which St. Lucia could be competitive. For example, my questions to NDC officers in June 1998 about a post-ACP banana product marketing strategy for Europe indicated that it was not a project on which the agency was actively working.

Having presented NDC in light of nontraditional export promotion more generally, and having noted some of the agency’s constraints, the discussion can now turn to the manufacturing work force and the extent to which NDC is creating quality jobs. According to NDC records, St. Lucia’s formal sector
work force in 1997 included 3,565 manufacturing employees who worked in seventy different factories (NDC 1997a). This represented nine percent of the formal sector work force, or an average of 51 workers per factory. Ferguson's (1997) comment that fourteen percent of workers are export processing zone employees is a considerable overestimation, made even less accurate by the precipitous decline in export-oriented manufacturing in recent years. The total number of factory workers has declined primarily because a number of garment and electronics factories have left the island. Garments have contracted the most, declining in terms of both output and value each of the last six years for which data are available (MFSN 1997: 58). Because NDC's industrial sites provide the majority of the island's total factory space, the pullout has worsened the agency's financial disequilibrium. Twenty-seven percent of NDC's available factory space was vacant as of September 1997. In addition, firms fleeing as of 1996 owed over US$1 million to NDC in rents, and over US$4 million more in social security contributions (St. Lucia Business Focus 1996). These declines and losses have left most St. Lucians, from policy makers to people on the street, less than sanguine about foreign manufacturers on their soil. As one official in the ministry overseeing the promotion of foreign industrial investment laments, 'many establishments that came here in the early days were what are called "footloose"' (Richardson 1997). Amid these absolute declines in the industrial sector, the national work force continues to grow by about 3,000 per year, thereby making the task of providing sufficient numbers of decent jobs ever more difficult.

Over ninety percent of workers in the existing export industries are women. This statistic is largely explained by their willingness to work for lower wages than men are. As in other Caribbean Basin countries, the unemployment rate for women is higher than for men, and is highest among young women, many of which are also heads of households. Young women are therefore quite desperate for work. NDC can take credit for providing jobs for some of them, although the wage rates for most factories jobs are inadequate (see below and Table 1). Ironically, one of main reasons that factories have been closing down in St. Lucia is that industrial wages, which average around one U.S. dollar per hour, are higher than in many countries competing for the same investment. Wages are relatively high in St. Lucia because they are buoyed up by the high cost of labor reproduction. Labor costs are relatively high in St. Lucia for at least two reasons. Firstly, the standard of living in St. Lucia is higher than in virtually every other Caribbean Basin country offering lower wage rates. Secondly, the cost of living in St. Lucia is relatively high by regional standards. Because less than a third of the island's arable land is devoted to growing food other than bananas, and because of St. Lucians' partiality for foreign products, much food is imported (Barrow 1992). In other words, both the small domestic food supply and a large import component make local prices relatively high.

But to say that wages are relatively high in St. Lucia should not be taken to mean that they are adequate. Indeed, the combination of relatively high wages and expenses creates an especially difficult situation for the St. Lucian women working in the export factories. For the typical female factory worker, the pay level is less than what is required to reproduce her own labor power (Table 1).
Table 1: Typical Monthly Wages and Expenses (in US$): Female Workers in Export-Oriented Factories in St. Lucia

1. Wages: $148; plus $74 child support (if father provides it)
2. Expenses:
   a. rent for housing in the countryside (cheaper than in town): $37
   b. utilities: $37
   c. minibus transportation to and from work (EC$1.50 per ride): $22
   d. other costs (these must be covered by the $126 of remaining monthly income, or the equivalent of about $4.20 per day):
      i. food:
         (1) supermarket prices are approximately 64% higher than in the U.S. for comparable products
         (2) women must obtain as much food as possible from subsistence sources (grow own, get donations from family and neighbors, exchange, barter)
      ii. other children’s needs including school supplies, familial health care, clothing, household needs, other transportation costs, entertainment, savings.

Source: Based primarily on figures provided by Theo Van Katwyk, Managing Director of National Glove, a Division of Maine Brand Manufacturing, for workers in his factory; reconciled with data from other factories and the St. Lucia National Development Corporation in September 1997; food prices in supermarkets in Castries and Oxford Ohio were compared by the author in November 1997; US$1 = EC $2.67.

These women have been forced to resort to a wide range of additional and creative survival strategies. For many St. Lucian women these strategies include some combination of wage work, informal sector activities, homework, backyard gardening, food provision by relatives and neighbors, monthly support payments from one or more fathers of the children in the household, and rural living to minimize the cost of living. The factory pay rates are not high enough to allow many of the workers to live in an urban area where public services and other amenities are better, but rents are higher and subsistence food production is not possible.

An Assessment of Nontraditional Export Industries for Competitive Advantage: Five Examples

This section profiles five factories at which the author conducted a site visit, interviewed various supervisory personnel, and video taped factory operations in September 1997. In June 1998, the author interviewed sixteen people who were then working, or had recently worked, at one of these factories; the employees described the working conditions and the wage rates in relation to living expenses. The five factories are featured here, not based on random selection, but instead on their prominence and/or representativeness. They include (1) some of the island’s largest factories and contributors to employment and exports, (2) a range of products that broadly sample from St. Lucia’s manufacturing export sectors, (3) plants under a range of nationalities of ownership and management, and (4) firms which differ in terms of their production methods and exporting experience (see Table 2). All of these firms rent factory space from NDC.

Through these five examples the aim is to characterize the existing export industries with a focus on their present and future competitive advantages (e.g., production methods, market niches, durability, growth potential), and
their contributions to employment (quantitatively and qualitatively). These issues are all relevant to an assessment of neoliberal development policy. The analysis will reveal that economic health and working conditions vary considerably among the factories. One of the key factors that determine these features is the precise nature of factory’s insertion in its commodity chain (Gereffi and Korzeniewicz 1994). The state’s contribution to export promotion, which is carried out primarily by NDC, varies little among the factories. In other words, the state has little to do with variations in positive and negative attributes among the factories.

The five factory profiles below identify the firms by the brand names or major vendors of their products, rather than their local names (Table 2). This is motivated in part by an interest in revealing connections between Third World producers and First World consumers. People in the U.S. shopping at Sears or K-Mart know little about the conditions behind the products. Similarly, on the other end, few people in St. Lucia outside those working in the factories know that the island exports products to Disney or Victoria’s Secret.

The profiles comment on the gender, ethnicity, and citizenship of owners, managers, and employees. It is worth noting why these social characteristics are important to an assessment of nontraditional export industries. With few exceptions, the gender division of labor in St. Lucia’s factories is rigid: men own and manage the operations, do jobs that involve heavy lifting, and repair equipment. Women do the manual work of sewing, assembling, inspecting, and packaging products. With a few exceptions women occupy the lowest echelons

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Table 2: Factories Exporting from St. Lucia: Five Examples

<table>
<thead>
<tr>
<th>Firm’s Local Name</th>
<th>Principal Retail Outlets</th>
<th>Principal Products</th>
<th>Ownership</th>
<th>No. of Local Employees</th>
<th>Niche Marketing?</th>
<th>Other Competitive Advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hortex</td>
<td>Sears &amp; Cradle Togs</td>
<td>children’s clothing</td>
<td>Hong Kong</td>
<td>222</td>
<td>no</td>
<td>low labor costs</td>
</tr>
<tr>
<td>Belle Fashions</td>
<td>Victoria’s Secret</td>
<td>bras &amp; teddies</td>
<td>U.S.</td>
<td>390</td>
<td>no</td>
<td>fast product delivery</td>
</tr>
<tr>
<td>Brabo Caribbean</td>
<td>Disney vendors</td>
<td>novelties</td>
<td>European</td>
<td>289</td>
<td>yes</td>
<td>fast product delivery</td>
</tr>
<tr>
<td>Rose’s Enterprises</td>
<td>Roses’ stores, CARICOM, &amp; K-Mart</td>
<td>women’s underwear</td>
<td>St Lucian</td>
<td>24</td>
<td>no</td>
<td>knows local &amp; regional markets</td>
</tr>
<tr>
<td>Baron Foods</td>
<td>local &amp; regional super-markets &amp; hotels, &amp; North Atlantic gourmet sector</td>
<td>condiments</td>
<td>St Lucian (formerly Guyanese)</td>
<td>56</td>
<td>yes</td>
<td>aggressive marketing</td>
</tr>
</tbody>
</table>

Source: Site Visits by Author, September 1997.
of the firms' hierarchies. Women constitute the vast majority of employees. The role of women as the productive core of the nontraditional industries in St. Lucia, as elsewhere, suggests that this development policy 'has been as much female-led as export-led' (Joekes 1987, 81; quoted in Raynolds 1998, 150). It is also important to disaggregate the work experience by gender in any assessment of employment quality.

Ethnicity and citizenship are important attributes to consider for several reasons. As St. Lucia's Minister of Commerce, Industry, and Consumer Affairs lamented in November 1997, few locals have been willing to 'stick out their necks' and create industry on the island. The near absence of local factory owners is explained to a considerable extent by the fact that the vast majority of St. Lucians lack the capital and experience to be successful industrial entrepreneurs in the neoliberal era. But the minister correctly points to the scarcity of native St. Lucians among the owners and managers of the nontraditional export sectors. Those few industrial leaders that are St. Lucian tend not to be from the Afro-Caribbean majority, but rather from the white minority descended from the traditional 'plantocracy'. There is also the related issue of widespread resentment on the island, especially among people at the middle and higher levels of the social hierarchy, of foreigners who are believed to be 'taking jobs away from St. Lucians' for which they are qualified. Similar sentiments can be found throughout the Caribbean (Carrión 1997). Such feelings contribute tension to the relationship between local and foreigners and impose obstacles to the international integration of the island economies, a goal of neoliberal development.

**Sears and Cradle Togs**

Operating under the local name of Hortex, this Hong Kong-owned and -managed factory has been producing children's clothing since 1984 from an NDC industrial site in southern, rural St. Lucia. Its products sell in the U.S. under various brand names for Sears and for Cradle Togs, a separate retailer. By local standards it is an enormous operation, occupying 37,000 square feet in three buildings and employing 222 people. It is St. Lucia's fourth largest industrial employer, accounting for six percent of the total formal sector manufacturing work force. It is a 'Cut, Make, Trim' operation, meaning that rolls of textiles are imported from Hong Kong from which the entire piece of clothing is produced on site.

This Sears/Cradle Togs factory represents the conditions associated with the precipitous decline of export-oriented garment manufacturing in St. Lucia in recent years. The division of labor is especially rigid in terms of gender, ethnicity, and nationality. Male supervisors from Hong Kong oversee operations, while St. Lucian men unload boxes and cut fabric. Female St. Lucians, sewing on a piece-rate system, predominate on the factory floor, and are interspersed with a few 'pacers' brought to the island from Hong Kong during the last several years to increase the productivity of locals (Willmore 1993). The factory and its workers display no evidence of innovative production techniques such as quality circles or team-based decision making. Office staff say that sewers earn US$.70-2.08 per hour depending on individual productivity; various sewers say they earn in the range of US$.38-1.40 per hour depending primarily on the
product to which they are assigned. Whichever is closer to the truth, the firm has been unable to compete with lower cost sites overseas, and has steadily reduced its work force. Although it continues to be a large operation by local standards, the present employment level is but 57 percent of its 1993 peak of 387 employees. Downsizing is likely to continue, following the other large garment producers that have left the island, and given that its guaranteed tax holiday of the maximum fifteen-year duration is due to expire in 1999.2

Disney

Operating under the local name of Brabo Caribbean and owned by several European investors, this factory mainly produces novelty items for France's Eurodisney and for vendors of Disney products in other countries. It has occupied the same factory shell in rural, southern St. Lucia and has had the same on-site European managing director since 1983. All workers involved in such shop floor tasks as stamping, painting, sewing, inspecting, and preparing the novelty products for shipment are female. A total of 289 people work at the plant, making it St. Lucia's third largest factory, and the employer of eight percent of formal sector industrial workers. Another 100 women work informally for this Disney plant out of their rural homes. They do simple and especially monotonous piece-rate work such as tying knots on cord used to secure girls' make-up bags, or making bows for girls' shoes that are then shipped for assembly in Taiwan. This too is a 'Cut, Make, and Trim' plant, in which most products are molded, painted, and packaged from raw materials from several overseas suppliers. Separate sections of this 30,800 square foot factory are devoted to different operational components. These include injection molding the plastic novelties from PVC pellets and the plant's own recycled waste plastic, stamping out and painting plastic novelties such as girls' vanity kits and key chains, assembling and packaging those kits and girls' hair clips, sewing and folding mini-towels, and inspecting and preparing the products for shipping (Willmore 1993).

Three sets of characteristics of this Disney factory suggest that it will maintain competitive advantages and therefore will continue to be a relatively stable contributor to employment and export earnings, although not without certain qualifications. The first involves the nature of work. It takes workers six months to learn the painting techniques. This is a longer period of training and skill development than in most other export-oriented factories, and contributes to encouraging a relationship of commitment between management and workers. Relatedly, every few days, workers rotate through various painting jobs so as to reduce monotony and boredom. Unfortunately, workers report wage rates that are among the lowest in the export-oriented factories, averaging well below US$1 per hour. The work regime appears to be less demanding than in most of the garment factories, but it is primarily the women's lack of employment alternatives and desperate need for cash income that keeps them returning to this and most other factories, despite the meager pay.

A second feature of this Disney factory, and a positive one in terms of international competitiveness, is that it has a highly specialized export market niche. Only two other factories in the world produce the same plastic novelties. In contrast to the first profiled factory that is just one of many garment produ-
cers for a large retailer such as Sears, this one has an oligopolistic arrangement. It allows management to be less focused on achieving low labor costs. In contrast to the many factories that left the island or downsized over recent years, this one has remained stable in terms of quantity of employment and output, and shows no signs of cutting back.

Thirdly, and also contributing to the factory’s competitiveness, the buyers of the Disney novelties have forced the on-site management to continually innovate production. Buyers now demand product delivery within three weeks of the order. This has pressed management to continually reexamine the composition of raw materials on-site and to streamline and innovatively transform the production process.

These last two factors make this particular factory less expendable and replaceable within its global commodity chain than other factories on the island. Unlike many others, this factory has not been threatening to leave St. Lucia. The Disney factory continues to maintain output and employment despite the fact that wages in St. Lucia, including the relatively low and inadequate rates paid by this firm, are higher than elsewhere in the region, and much higher than in East Asian countries. With regard to state development policy, note that the characteristics outlined above that make the factory stable and viable are internal to the specialized Disney commodity chain of which it is part. Only a fortunate coincidence allows policy makers to take credit, as they do in their investment promotion guidebook (NDC, no date), for having innovative factories such as this one among its nontraditional exporters.

Victoria's Secret

Known locally as Belle Fashions, this factory is a division of Inner Secrets, Inc. of New Jersey, whose U.S. managers regularly visit their St. Lucian supplier (including during my site visit). The plant specializes in assembling bras and teddies that are sold in the U.S. exclusively under the label of the British firm Victoria's Secret (VS). For eighteen years the factory has been operating out of one of the island’s most remote industrial estates. It is located among the banana farms towards the isolated interior of the east coast town of Dennery, in one of the poorer parts of the country (Potter 1994). The industrial estate’s other factory shell has been vacant for some time. The VS factory is one of eastern St. Lucia’s few large employers. The plant has had the same on-site manager, an Afro-Caribbean man of St. Lucian origin, since 1981. His rapport with employees partly explains why they more often go to management with requests than to their own union. It is unusual for an export assembly plant located anywhere in the Caribbean Basin to be unionized. In this case, however, the National Workers’ Union has not been particularly active or effective. Employees at this Victoria’s Secret plant suggest that the NWU is preoccupied with issues of its members who work in higher profile sectors such as the public water service or hotels. Similarly, my own attempt to speak with someone at the NWU who represents or is knowledgeable of the Belle Fashions factory was met with the response that that person was on several weeks’ vacation.

The VS factory is an ‘807’ plant, whereby raw materials are precut in the United States, shipped to St. Lucia for assembly, then returned to the U.S. for sale. With 390 employees, it is St. Lucia’s largest factory, accounting for fully
eleven percent of the country’s industrial workers. Yet like the factory producing primarily for Sears discussed above, this one has scaled back production and employment in recent years. The current employment level is but 56 percent of its peak of 700 in 1987-88. But even that percentage exaggerates current employment, which is erratic depending on the availability of work orders. Workers are often sent home without pay after arriving at work in the morning. At the time of peak employment, K-Mart bought most of the factory’s output, which included a wider range of women’s undergarments than at present, and Victoria’s Secret was not yet a customer. But the factory could not match prices with its overseas competitors who were also selling to K-Mart. Even now, as it specializes in production of just two items for Victoria’s Secret, other plants associated with the New Jersey firm that are sited in Haiti, Guyana, and the Dominican Republic are being called on to fill a growing share of orders (MFSN 1997: 58). Like the Disney factory, this one faces market pressure to deliver orders faster. Purchasers now require delivery within three months of the order, or else, as a penalty, one percent of the price is deducted each of the next twenty days. After that, the order is canceled. In response, management has made production more efficient and flexible by training its ‘more dexterous women’ at multiple tasks that can be completed in different sequences. Still, this allows it to deliver only half of its orders on time.

In contrast to the efficiency-causing impacts on the factory from pressures within its commodity chain, the St. Lucian state’s role in supporting its largest industrial employer has not been laudable. The road connecting this factory to the main highway is strewn with deep potholes. For its part, NDC, claiming a lack of funds, has not made the many requested repairs on the deteriorating building nearly two decades old and its sewer system. The firm itself has therefore needed to bear repair costs. When the factory’s fifteen-year tax holiday was to expire recently, the government did extend it for another five years to head off the possibility of a shutdown in response to the cost increase. Management claims that what keeps the plant open is (a) ‘not an economic decision’, but rather inertia (they ‘don’t want to go through the hassle’ of leaving) and (b) sentimental attachment to the island after being there for so long. In an era of international competition among garment producers and host states, the outlook of the management of the island’s largest factory, and the state’s limited responses to management’s needs, do not inspire confidence in St. Lucia’s future as a competitive industrial exporter.

Rose’s Enterprises

Rose’s Enterprises cuts, assembles, sews, and sells women’s undergarments from U.S. raw materials (i.e., it is a ‘Cut, Make, Trim’ firm). With only twenty-four employees, Rose’s accounts for less than one percent of all formal sector industrial workers. Until late 1997, its products were available only in its own five St. Lucian retail outlets, and in stores to which it sells in other CARICOM countries. It is, in other words, an enduring Import Substitution Industrialization (ISI) firm, providing limited but steady employment, and have served local and regional markets for twenty years from its plant in an industrial estate near Castries. Its endurance over two tumultuous decades, during which time many other garment factories in St. Lucia closed, is notable. Many of its female
sewers have worked at Rose's Enterprises for nearly as long as the factory has operated, and some of their daughters have later come to work there as well. The firm is anchored in patron/client relations (i.e., the president and manager, Leo St. Rose / the employees) that are especially hierarchical. A wall of windows in Mr. St. Rose's air conditioned office allows him to continually oversee the sewing machine operators in the small 3,485 square foot work area. St. Rose says that it is not uncommon for him to give EC$100-200 to a worker to deal with a personal emergency, and that workers have never attempted to collectively organize because he treats them better than a union would.

Mr. St. Rose is now experimenting with selling to K-Mart, following the U.S. chain's contacting him to express it was 'interested in [his] materials'. By beginning to export to K-Mart, Rose's Enterprises becomes one of the few factories owned and managed by a native-born, Afro-Caribbean St. Lucian citizen that has a market outside of CARICOM. But St. Rose is 'not keen' on the U.S. market. K-Mart 'buys cheap' but is unwilling to supply him with discount-priced raw materials. Selling to K-Mart would be adequately profitable for St. Rose only if its orders were sufficiently large (say 300-500 dozens of one product) to offset the low per unit margin. St. Rose's K-Mart experiment is taking advantage of a new government employment expansion incentive, which for one year will pay half of the wage of each new employee whose work is devoted to exports. The state pledged to subsidize up to 1500 employees nationally this way, although how it would pay for this was unclear at the time of its launching in September 1997.

The probability that Mr. St. Rose, his employees, and K-Mart will be able to reach a long-term, mutually beneficial arrangement is low because of downward pressures on costs, on St. Rose's profits, and, because producing women's undergarments is labor-intensive, on wages. Further, St. Rose's experiment attempts to run against the general trend for St. Lucia in which the value of exports of clothing and similar manufactured items to the United States declined almost fifty percent in 1996 alone (MFSN 1997: 101).

Baron Foods

Lastly we turn to the export manufacturer that is the newest of the five factories selected as case studies, but which holds the most promise for overseas sales expansion. An emerging agroprocessor, Baron Foods was created in 1991 when its owner and managing director realized there was a relatively untapped market niche to be filled. As he explains, 'I saw there was a need for quality products with proper presentation'. The owner is an Indo-Guyanese man who remained in Guyana to complete a BA in chemistry. He is quick to point out, however, that he is now a St. Lucian citizen; that he is outspoken about his St. Lucian citizenship is unsurprising given the sentiments among some locals that too many foreigners run businesses on the island. Baron Foods, located in one of NDC's southern, rural industrial estates, began by producing a few types of condiments and has since expanded to offer more than sixty different sauces, spices, gelatin desserts, and fruit concentrates.

Baron Foods most closely approximates the neoliberal development model's ideal of a manufacturer of nontraditional products from a small Third World country. It and, to a lesser extent, Viking Traders, a similar St. Lucian
firm specializing in condiments, are the examples that policy makers typically draw on to show how local firms can emerge in the 1990s to successfully export nontraditional industrial products. A range of evidence supports this reputation. Through 1998, these two firms were the only St. Lucian exporters with web sites (Caribbean Place 1998; Caribbean Delights 1998). Baron Foods has averaged more than twenty-five percent annual sales growth since its inception. The business community, too, has been impressed with Baron Foods, crowning it ‘Manufacturer of the Year’ in 1994 and 1995. In international competitions, its products have won three Hot Sauce Awards.

Despite the praise heaped on Baron Foods for its export success, it is, in actuality, primarily an ISI firm. The firm’s sales are distributed approximately as follows: over half derives from local supermarkets and, secondarily, hotels on the island; the English, Dutch, and French-speaking Caribbean accounts for another thirty-five percent; the North American gourmet market provides eight percent, while the remaining four percent comes from Europe. This sales pattern leads to two observations. Firstly, it is entirely reasonable that an emerging nontraditional manufacturer would have a market history and profile such as Baron Foods. The firm demonstrates how to build international competitive advantage upon a local sales base, as Porter (1990) suggests. Baron Foods first competed for local supermarket shelf space. Once it established a domestic market, it expanded its sales through aggressive marketing in geographical succession to CARICOM countries, other Caribbean islands, the United States, and Europe. The second and contradictory observation is that state policies inhibit manufacturers of most other nontraditional products from developing in this fashion. Throughout the Caribbean Basin and with few exceptions, neoliberal policies promoting the export of items such as garments, shoes, electronic and plastic products, or processed data dichotomize and segregate firms according to whether they serve local or foreign markets. Those serving local markets still have some lingering protections against direct competition from foreign manufacturers. Exporters, whether based on foreign or domestic capital, are subsidized through the standard package of incentives to promote investment (Klak and Myers 1997; Mullings 1998). Given Baron Foods’ pattern of successful growth, it is an unfortunate overgeneralization, repeated in most international policy and scholarly circles, that ISI is a bankrupt element of the discarded pre-neoliberal development model (IDB 1997; Dicken 1992). Baron Foods is St. Lucia’s preeminent example of neoliberal export manufacturing. It has been most successful in local markets, and has used that success as a catapult into export markets.

Compared to other factories, Baron Foods in some ways provides a preferable work environment for its fifty-six employees, although in most ways it is no better. The firm’s brisk sales growth, low proportion of product value derived from labor costs, and non-piece rate production system has meant that employees are not under the intense production pressure found in other factories. Furthermore, workers express feelings of nationalistic pride about being among the few who are employed by one of the premiere locally owned companies. Still, wages for operators average around US$1 per hour and thus are no better than the industry average (Table 1). Interviewed workers, understanding that Baron Foods’ sales have grown tremendously, have repeatedly requested higher wages but have been denied them. As is the norm in St. Lucia
and elsewhere in the Caribbean Basin, work relations at Baron Foods are rigidly hierarchical. Air-conditioned managers’ and supervisors’ offices oversee all employee actions on the factory floor. Training takes just one month, and bosses rotate workers among the various production tasks as a way of countering high rates of turnover and absenteeism, which exceeds one-third of workers on most days. Baron Foods employed twenty-five people in its first year and peaked at seventy people working ten to twelve hour days with overtime pay in 1996. But now, as sales continue to grow, management is for various reasons relying less and less on St. Lucian labor as a production component. Firstly, the purchase of production equipment – pumps, fillers, and bottlers – in 1997 expanded output by fifty percent, while the work force and hours were cut by twenty percent. Secondly, during the same year the owner opened a new plant in Miami with eight employees under the name Caribbean Gourmet. The Miami plant processes U.S. raw materials and focuses on serving the U.S. market. Thirdly, in 1998 the owner opened another factory in Georgetown, Guyana, which, like the U.S. plant, he views as favorable for raw materials and markets.

A similarly mixed review of Baron Foods’ relation to local suppliers is in order. It is positive that the firm purchases all of its cardboard from the nearby WINERA (Windward Islands Packaging Co.) factory, a multinationally-owned public corporation. WINERA was established in 1971 as one of St. Lucia’s designated industries within the intra-CARICOM division of production, and was designed primarily to provide banana cartons. Baron Foods’ also purchases a range of local agricultural products including peppers, but the relationship with local farmers is strained and unstable. Numerous policy makers and farmers complain that the prices that Baron Foods is willing to pay are inadequate. The owner publicizes that he is prepared to buy all of the island’s non-banana agricultural output. At the same time, however, he complains about the inadequate level of output and that ‘prices are not too good’, both of which encourage him to seek out and buy inputs overseas. It is an unfortunate fact, so far as integrated national development is concerned, that it is often cheaper to import the same items that are grown in St. Lucia. This practice contributes to a growing list of production inputs – comprised of vegetables, fruits, spices, and bottles – that the firm imports from several other Caribbean countries, the U.S., and India. The state has failed to facilitate a strong linkage between local farming and agroprocessing.

There are two important concluding points to draw from this example. Firstly, Baron Foods’ local agricultural inputs, like its local labor inputs, are not expanding in proportion to the growth in its sales abroad. To the contrary, this case illustrates the substantial impediments to local benefits from nontraditional export manufacturing. Even the most promising emerging firm is not strongly committed to local labor absorption or the use of local agricultural inputs. The majority of existing firms, i.e., those that have fewer ties to St. Lucia and weaker records for export growth than Baron Foods, are likely to show even less promise regarding local labor incorporation and economic multipliers.

The second point echoes the conclusion drawn from examining the basis of the Disney factory’s success with its narrow export market niche. The success which Baron Foods has achieved is largely attributable to factors internal to the firm: innovative use of ISI as a basis for growth, product development, aggres-
sive marketing, capitalization of production processes, and the international diversification of inputs and production sites. These are largely unrelated to the state policies designed to promote nontraditional exports. Aside from providing subsidized factory space, NDC and its affiliates can take little credit for the success of Baron Foods. It is only a fortunate coincidence that this type of innovative factory contributes to St. Lucia's nontraditional manufacturing sector. Its future contributions will increasingly be in countries other than St. Lucia.

Summary, Assessment, and Future Trends in Nontraditional Export Promotion

Previous research on export-oriented manufacturing in St. Lucia has suggested that the country, despite its tiny size, limited resources, and inexperience, is successfully cultivating a sizable, diversified, integrated, and competitive industrial sector. This paper extends from a review of those encouraging accounts and the literature on neoliberalism that is colored by an underlying position of being fundamentally for or against it. This paper also draws on the literature associated with nontraditional export policy and with competitive advantage. These writings prompt the present detailed empirical investigation of conditions in the exporting factories. The five factories that were examined as case studies revealed important contextual details about export-oriented manufacturing that would be missed by focusing only on macroeconomic indicators. The paper demonstrates the importance of understanding conditions, constraints, viewpoints, and their variations at the level of individual firms that are attempting to be competitive exporters in the new global economy. The story and prognosis for a country such as St. Lucia pursuing a neoliberal development strategy is more nuanced than what is found in many reports on the neoliberal transition in the Third World emanating from both supporters and critics.

The research has uncovered some promising signs of competitiveness and stability for certain export-oriented factories. It is important to note, however, that the positive features presented in the paper are primarily attributable to the innovations of certain firms and their associated commodity chains. The competitive advantage of certain St. Lucian factories cannot be attributed to the state policies designed to foster them.

An additional concern is that the public subsidies are not targeted efficiently and effectively to those firms demonstrating competitive advantage or distinctive contributions to national development. To the contrary, subsidies are distributed very widely and generically, regardless of the variations in factory conditions and competitiveness highlighted in this paper. When a particular foreign-owned firm's initial tax holiday nears expiration, St. Lucians fear the factory will leave the island, and so the state has responded by tacking on additional years to the subsidy term. An argument in favor of the existing method whereby subsidies are distributed widely is that it avoids the political favoritism that might creep into a system of targeted subsidies. My response is that public subsidies should not only be clean of nepotism, but must also demonstrate their cost effectiveness and contributions to national development.
Neither the St. Lucian state itself, the present study, nor any other study of St. Lucia's industrial exporters has provided such evidence. Only the state would be able to secure all of the data required for a full cost accounting of national benefits. Such data could be used to test the state's oft-repeated claim that the sector is a net income earner. Given the available evidence, what can be said is that the state's principal contribution to industrial development – subsidies of various sorts – appears to be large compared to the returns to the nation-state. The lack of clear evidence of national benefits in St. Lucia prompts the broader question of the extent to which the public subsidies that other states proffer to nontraditional exporters are worthwhile.

The empirical evidence presented in this paper suggests many reasons as to why St. Lucia's industrial export sector, taken as a whole, is unlikely to be internationally competitive in the future. The overall picture is less promising than some recent observers of St. Lucian industry have suggested. The analysis has revealed a host of concrete factors that support the current negative sentiments in the country about its experience with foreign industrial investors.

The working conditions observed in the factories leave much to be desired. Employees are monitored by oversight. There are sharp gender and ethnic divisions of labor, and a high degree of subdivision of production tasks into component parts. These divisions of labor allow for rapid learning, but limit technical training and skill acquisition, and discourage worker performance. For the female workers, the factories provide an income source, but for very low pay and with little chance for advancement. Not surprisingly, they react through various unproductive coping mechanisms and acts of resistance. They bring despondent attitudes appropriate for jobs that lack mobility, respect, empowerment, or decent wages.

Taken together, the empirical evidence suggests more reasons to be critical than supportive of St. Lucia's neoliberal development policies that attempt to promote foreign investment and nontraditional exports. But rather than learning the proper lessons from experience and making appropriate policy adjustments, Eastern Caribbean policy makers, St. Lucians included, are now launching a new round of investment promotion that appears to replicate the errors of the past. The current interest is in the developmental prospects of what officials refer to as 'informatics' (i.e., data processing). The World Bank has deemed it a viable new export industry for the region (NDC 1998). Presumably Eastern Caribbean officials believe that if the World Bank thinks that the sector is worth developing, international investors will too. They pursue data processing and view it as an important growth sector despite powerful evidence to the contrary from the Jamaican experience (Mullings 1995; 1998). Ironically, St. Lucian policy makers view Jamaica's data processing sector as a model they can emulate.

The St. Lucian state's own evidence of obstacles to the expansion of the data processing sector would seem to be enough to discredit the idea. It recently hired two outside consulting firms to evaluate the prospects. The joint report by the Chicago Group and Wolf, Arnold, and Cardoso notes obstacles such as the following:

Voice grade services cost US$1.85 per minute from St. Lucia, while similar services with volume discounts cost US$0.22 per minute from the Jamaica
Digiport International and as little as US$0.10 per minute in the United States. (Diagnostic Evaluation of the Enabling Environment for Informatics in St. Lucia 1995: 19).

The state’s negotiations with the British firm Cable and Wireless, which commands a telecommunications monopoly on the island and elsewhere (Dunn 1995), have failed to bring local rates down to competitive levels (Vitalis 1998). Despite St. Lucia’s vast disadvantage for telecommunication costs, the steep decline in the country’s export-oriented manufacturing sector which had been awarded large public subsidies, and Jamaica’s negative experience with data processing, the most recent policy position from the National Development Corporation unfolds as follows:

Information services is without a doubt the fastest growing industry in the world today. The NDC believes that St. Lucia is well placed to benefit from this business development both in terms of the export of information services and the technology infusion within all sectors of the economy. (…) The informatics companies…require more attractive work spaces which more closely resemble commercial office space…[thus the existing vacant factory shells are unsuitable and new shells are being built] (St. Lucia National Development Corporation [NDC] 1997 New Strategic Directions, 13-15).

Despite high public costs and much empirical evidence that counters the notion that the St. Lucian state’s efforts to promote nontraditional exports is an effective and viable development strategy, the country continues along the same policy path. The current party in power, the St. Lucian Labour Party, appears to be maintaining the same policy path of nontraditional export promotion laid down by its more overtly-neoliberal predecessor, the United Workers’ Party. The neoliberal development project continues virtually unabated through a succession of export sectors.

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Notes

1. This pattern is revealed by comparing St. Lucia to the other Caribbean Basin countries in terms of such measures as the UN’s Human Development Index, per capita income, life expectancy, and the Infant Mortality Rate.

2. The St. Lucian government has extended the tax holidays that were set to expire for other foreign manufacturers, but no investor can be assured of a favorable decision.

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