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**Interagency
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Memorandum**

Caribbean: Economic and Political Trends

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ECONOMIC AND POLITICAL TRENDS IN THE CARIBBEAN^{1, 2}

KEY JUDGMENTS

The Caribbean has long been and will continue to be important to the US because of its geographic proximity, the availability of critical commodities (notably bauxite and petroleum products), substantial US investments, the large groups of immigrants in the US from the islands, the presence there of US defense facilities, and because of the familiarity of large numbers of US citizens with the region. Therefore, an unfriendly or potentially hostile government in the area arouses emotions in the US that are soon translated into political pressure to protect American interests. Past interventions and the more recent experiences with Cuba and the Dominican Republic are cases in point.

Caribbean politics in recent years have been typified by the nationalistic fervor and assertiveness that have prevailed throughout much of the underdeveloped world. The major economic problems of the area at best will not be solved during the next few decades. The area has a number of highly vulnerable, dependent economies, small markets, limited domestic products, and few natural resources. The capacity of these economies for self-reliance and genuine independence of action is small because of dependence on overseas markets for primary products and capital.

Frustrations over social, economic, and political inequities, unemployment, and poor public services are intensifying and have contributed to increased pressures on several of the governments. The "socialist" experiment currently developing in Guyana and a continuing shift in that direction by Jamaica are radical attempts to address the area's problems. Both countries exemplify a trend toward more authoritarian government in the area, and their approach to national problems is being watched closely by the other countries.

¹ This Interagency Intelligence Memorandum was drafted under the auspices of the Acting NIO for Latin America by the Office of Regional and Political Research and the Office of Economic Research of the Central Intelligence Agency with contributions from the Departments of State, Defense, and Treasury, and coordinated at the working level.

² For the purposes of this paper, the Caribbean is defined as consisting of the Caribbean Islands (except Cuba, Puerto Rico, and the US Virgin Islands), Bermuda, Belize, French Guiana, Guyana, and Surinam.

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The Caribbean has always been subject to foreign influence. The European colonial powers have been gradually withdrawing from the area and as they pull out, the Soviets, and to a lesser extent the Chinese, are trying to develop diplomatic and trade relations with local governments. They are increasing their influence, but the region remains a low priority for them.

Cuba is moving more energetically to gain influence. Its proximity and its demonstrated ability to resolve such common problems as illiteracy and public health have encouraged certain Caribbean countries, especially Jamaica and Guyana, to emulate some aspects of the Cuban model. Cuban leaders feel that the rising nationalist and anticolonial sentiment provides them a common bond with many of these islands.

The US is the major force in the area. Despite mutual needs and interests, our different perspectives continue to result in some points of conflict. Because of the unequal nature of this relationship, in particular because of the overwhelming US economic presence in the area—including between \$4 billion and \$5 billion of US private investment, the US is often charged with economic domination. There is a possibility that negotiations over US military bases will be difficult. Chances are good, however, that the US can retain its military facilities, but at a greater cost. The US will remain an important market for the area's products and will continue to supply a significant portion of the region's imports. US tourism will be very important to the area's economies.

Washington's traditionally good relations with the Caribbean are entering a more fluid phase as several of the already independent nations experiment with new solutions to their problems, as the soon-to-be independent nations assess new approaches, and as other states, such as Cuba and Venezuela, seek to expand their influence. The region's economic dependency, its political fragmentation, the lack of self-confidence by local governments, the strong force of nationalism, and a desire to avoid even symbolic connection with the colonial past will continue to complicate US-Caribbean affairs. The states in the area will be particularly sensitive to US actions which they interpret as prejudicial to their economic interests.

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