

Arrested Development: The Impact of the ‘US War on Drugs’ on the Macro and Micro Business Climate of Countries in the Caribbean Basin¹

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Abstract

Despite the strategic location of countries in the Caribbean relative to the large and prosperous US market, many of these countries have languished economically, failing to attract sizeable amounts of foreign direct investments and struggling in areas where they had enjoyed competitive advantages such as tourism (Alleyne and Boxil, 2003). The last policy review of the Jamaican economy by the World Trade Organization for example, concluded “...economic growth has been slow and per capita income has stagnated, while the high public debt has continued to constrain policy choices. (WTO, 2005)”. One are, however, in which trade has steadily increased and for which the region has grown in importance is the illicit drug trade which worldwide accounts for an estimated \$322 billion annually (UNODC, 2005). At least in part, this growth in the illicit drug trade and the concomitant decline in the economic, social and political fortunes of the region, appear to stem from the US government’s “War on Drugs” (WOD) policies.

This paper examines the impact of these US policies and argues that the collateral damage of this war has been a decline in the attractiveness of this region to foreign direct investment and deterioration and stalling of the competitive improvements these countries may have otherwise enjoyed. Further, it argues the success of initiatives such as the proposed free trade CARICOM agreements, the free trade of the Americas or the WTO market access will be seriously undermined or even vitiated if there are not radical shifts in the US international drug enforcement policies.

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