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How Levels of Autonomy Influence Economic Performance: A Comparison between the Dutch Caribbean and Suriname.

Liebenstein, Raúl von

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How Levels of Autonomy Influence Economic Performance:

A Comparison between the Dutch Caribbean and Suriname.



**Universiteit
Leiden**
The Netherlands

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Leiden University

Name: Raúl von Liebenstein

Student Number: 2033828

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Instructor: Dr. W. P. Veenendaal

Second Reader: Dr. F. G. J. Meijerink

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1 Introduction

In an international system dominated by great powers, it seems unlikely that small states would perform relatively well economically. A simple look at small states like Qatar, Singapore, and Luxembourg proves the opposite. Small states generally perform better economically than larger states do (Armstrong & Read, 2000). This is also the case for small territories that are not sovereign. These non-sovereign territories perform equally as good and existing literature even suggests that they perform better (Armstrong & Read, 2000, Aldrich & Connell, 1998; Oostindie & Klinkers, 2003; Baldacchino & Milne, 2006). Non-sovereign territories and small sovereign states can share many similarities but still differ in the degree of political dependence on their former colonial power. If it is true that non-sovereignty is related to increased economic development, this can be seen as an explanation for why no new states have been created out of decolonisation since the mid-1980s (Veenendaal & Oostindie, 2018, p. 26).

When non-sovereign states are examined in the literature, they are seen as a homogenous group of entities (Armstrong & Read, 2000; Baldacchino & Milne, 2006), while in reality, these territories experience different levels of autonomy. Where sovereignty is typically approached as a binary concept, it should be approached as a continuum from fully independent to fully integrated. Placing autonomy on a spectrum is a new addition to the literature and demonstrates the relevance of this thesis. Moreover, it will help explain sub-national jurisdictions' decisions for more autonomy rather than complete independence. This thesis will contribute to the existing literature by asking the research question: How does the level of autonomy of small territories influence their economic performance?

Earlier research generally employs a large-N quantitative study to answer similar questions. In this thesis, a small-N qualitative study is conducted with three similar cases selected based on their varying levels of autonomy. This thesis will do so by disclosing the existing theories and debates surrounding the sovereignty and economic performance of small territories. It will then explain what research puzzle this creates and the expectations for answering the research question. Thereafter, this thesis will explain the conceptualisation and operationalisation of the variables in the research question. This is followed by the justification of the decisions regarding research design, case selection, and research methods and techniques. Lastly, the three cases are analysed according to the methods established by the earlier mentioned sections.

2 Theoretical Framework

Most literature in the academic field of international relations is focused on the great powers of the world, much less is written about small states, and an even smaller portion discusses non-sovereign territories. At the same time, there is a consensus that these non-sovereign territories perform better economically than their sovereign counterparts (Armstrong & Read, 2000; Aldrich & Connell, 1998; Oostindie & Klinkers, 2003; Baldacchino & Milne, 2006). In order to determine why this is the case, it is essential to be familiar with theories on smallness, sovereignty, and economic development.

2.1 Smallness & Economic Performance

Regarding the theory on smallness and economic development, it is crucial to mention the vulnerability of small states in the international system. Both politically and strategically, small states are seen as vulnerable entities (Sutton & Payne, 1993; Harden, 1985). The same could be said about the status of small states in the international economic system. A small state does not significantly influence the international economy and is therefore subject to the fluctuations of the world market (Sutton & Payne, 1993; Briguglio, 1995). Several factors can be attributed to this: a small domestic market, specialisation, a resource curse through limited resources, and the openness of the economy because of a reliance on imports (Armstrong & Read, 2003). All these factors are interconnected, and together, they can explain the economic vulnerability that small states experience. The adverse effects of smallness for economic growth are only amplified in island and land-locked states because of high transport costs (Armstrong & Read, 1995, p. 1230; Armstrong & Read, 2003). In most cases, there is only a small land area to work with, which means that small states will have to invest in sectors independent of their small size, like human capital, skills, and physical capital (Read & Armstrong, 2000, p. 287). Vulnerability created by the combination of independence and smallness in world politics can be a factor to consider for determining the degree of autonomy of dependent territories.

Vulnerability can be perceived as a significant risk and a reason for the lack of economic performance of small sovereign states compared to non-sovereign territories. Despite all the negative aspects of smallness on economic performance, small states actually perform better than larger states economically. Endogenous growth theory provides some explanations for this paradox. The high degree of openness makes small states more vulnerable, but at the same time, it provides disproportionate opportunities as well

(Armstrong & Read, 2003, p. 106). The fact that small states also have the tendency for high human capital formation and an advantageous geographical location are all ‘conditioning’ variables for endogenous growth models (Armstrong & Read, 2003, pp. 102-103). Another blessing of smallness is that small independent states can value the “importance of being unimportant” (Read & Armstrong, 2000, pp. 289), where small states capitalise on the predetermined position through international free riding and rent-seeking (Armstrong & Read, 2002).

2.2 Sovereignty & Economic Performance

Apart from smallness, another aspect worthy of investigation is the relationship between sovereignty and economic development. Despite what the theory about vulnerability suggests, both dependent and independent small territories perform better economically than larger states. The strong performance of small territories can be attributed to their activity in financial services and tourism (Armstrong & Read, 1995; Baldacchino, 2006). During most of modern history, decolonisation was the ultimate goal for small territories under colonial rule. However, in recent years, no new states have emerged out of decolonization (Veenendaal & Oostindie, 2018, p. 26). There have been movements for more autonomy by territories that are partly governed by a greater state. This is, presumably, the new ultimate goal for non-sovereign territories regarding autonomy. Connell (1994) and McElroy and Mahoney (2000) provide some explanations for this related to political affiliation with the former colonial power. A good relationship with a metropolitan state, like a former colonial power, grants several economic advantages like free trade, social welfare assistance, higher quality of health and educational services, and natural disaster relief. Ferdinand et al. (2020) present even more advantages, like economic support, protection of territorial integrity, democracy, and human rights. Moreover, Baldacchino (2006) adds that autonomy, in contrast to independence, promotes fast-growing tourism industries. When combined, these factors result in higher living standards in non-sovereign territories than independent states (Betermier, 2004, pp. 63-64).

Another significant difference between non-sovereign territories and small sovereign states is that dependent territories can offset some of the constraints that sovereignty brings regarding vulnerability to the international economy (Armstrong & Read, 2003, p. 114). While the relationship with the larger states provides considerable benefits, it will also call attention to renewed feelings of neo-colonial dependency. Sub-national jurisdictions usually have had traumatic colonial experiences, but most of the population generally prefers

non-sovereignty over independence while aiming for ‘true equality’ with the metropolitan state (Ferdinand et al., 2020). Veenendaal and Oostindie (2018) demonstrate the ambiguous feelings that inhabitants of non-sovereign territories have towards their affiliation with the metropolitan state. This can lead to friction if this already ambiguous feeling starts to deteriorate.

Most literature does, to some extent, explain that non-sovereign territories do perform better economically, and there are also some suggestions provided that answer why this is the case. There is, however, not that much literature on the differing levels of autonomy within non-sovereign states and their economic development. When examining the underlying inferences that are implied about the relationship between sovereignty and economic development, it is possible to apply those to the level of autonomy. This indicates that less autonomy should ensure better economic performances because territories with limited autonomy experience less vulnerability and more advantages of the relation with the metropolitan state. Although, this assumption needs further analysis to construct concrete conclusions. The aforementioned, combined with the rationale behind increased economic performance of sub-national jurisdictions, is the fundament for the research puzzle investigated in this thesis.

3 Research Puzzle & Expectations

Existing literature suggests that small territories perform better economically when they are non-sovereign entities (Armstrong & Read, 2000; Aldrich & Connell, 1998; Baldacchino & Milne, 2006). The evidence for this is convincing because large-N quantitative studies prove this relationship (Bertram and Karagedikli, 2002). This thesis employs a more in-depth analysis of a small number of cases to answer the research question: How does the level of autonomy of small territories influence their economic performance? Answering this question with autonomy as a continuum facilitates the possibility to discover if the theories behind this relationship are generalisable over similar cases that are not examined in this thesis.

The literature suggests that smallness creates vulnerability to fluctuations of the international economy (Sutton & Payne, 1993; Briguglio, 1995). Some of the explanations for vulnerability have to do with the sovereignty of the state. Non-sovereignty would, therefore, help offset some of the negatives related to smallness (Armstrong & Read, 2000; Armstrong & Read, 2002).

Another factor discussed in the literature is the advantages provided by the relationship of non-sovereign territories with the metropolitan state that small independent states do not have. Economic advantages like financial aid and access to the market of the metropole in combination with political and military advantages, like territorial protection and democracy (McElroy & Mahoney, 2000; Connell, 1994; Ferdinand et al., 2020). This thesis focuses on the economic advantages of this relationship.

Therefore, the expectations of this thesis consist of two components: offsetting the negative effects of independence and receiving the positive effects of non-sovereignty. The first expectation indicates that less autonomous territories perform better economically than more autonomous small territories because they are less vulnerable to exogenous shocks. The second expectation regarding increased economic performance relates to the ability of less autonomous territories to qualify for the advantages of the ongoing relationship with the metropolitan state, like financial aid and democracy. The two components combined imply that this thesis expects less autonomy to bring about increased economic performance in small territories.

4 Conceptualisation & Operationalisation

In order to answer the research question, it is essential first to conceptualise and operationalise the variables featured within the research question. The first important variable is the concept of autonomy. The concept of autonomy would usually be seen as a twofold concept. This thesis emphasises the importance of approaching autonomy as a spectrum. The concept of a sovereign state remains crucial to this paper because it is one of the absolute extremes of this newly created spectrum. A sovereign state indicates self-governance over domestic, international, and military affairs. Independent states usually meet the criteria of the Montevideo Convention: A permanent population, a defined territory, a government, and a capacity to enter relations with other states. Especially the latter requirement is vital for the operationalisation because the capacity to enter relations with other states indicates self-governance over international affairs. Sovereign states will, therefore, be defined and measured by UN membership.

Non-sovereign territories experience different levels of autonomy depending on their relationship with the metropolitan state. The concept of autonomy for non-sovereign states relates to dependence on the metropolitan state for survival. Autonomy is measured by the

amount of self-governance a territory experiences and how much has been conceded to the greater state.

Another aspect of this research that needs to be conceptualised is the smallness of a territory. Earlier research suggests that this is quite an arbitrary concept (Hey, 2003 p. 2). This paper will make a decision similar to Sutton & Payne (1993, p. 582) by setting a threshold of a population below 1 million. This makes the comparison between sovereign and non-sovereign territories more operable because they will have similar population sizes.

The last factor concerns economic performance. In this thesis, economic performance entails economic development over an extended period. The operationalisation of this concept means that it is measured by three indicators: Economic growth, unemployment, and welfare. Firstly, economic growth is measured by GDP per capita and data related to that. Secondly, unemployment is measured by the percentage of unemployed people in the available labour force. Lastly, welfare is measured by data on living standards, like education, healthcare, or infrastructure.

5 Research Design & Case Selection

This thesis' method to research the difference between cases is to select similar cases in most aspects apart from the researched outcome variable. The most similar systems design facilitates answering an explanatory research question like the one in this thesis (Seawright & Gerring, 2008, pp. 304-305). The cases studied in this paper are similar in most aspects but are different regarding sovereignty. The goal is to investigate whether the key independent variable of sovereignty results in different outcomes regarding economic performance. The number of cases that are studied in this paper is three, and the case selection is based on a few criteria that need to be met: All three cases need to have been former colonies of the same metropolitan state, both cases need to have a population of under a million, and both cases need to be located in the same area of the world. Additional similarities will only strengthen the findings and generalisability of this thesis.

The three cases selected in this paper are: (1) The small sovereign state of Suriname, and the Dutch Caribbean consisting of (2) Aruba, Curacao, and St. Maarten, and (3) Bonaire, Saba, and St. Eustatius. All three cases are similar in most aspects apart from their level of autonomy. Both Suriname and the combined Dutch Caribbean have been colonies of the Kingdom of the Netherlands. Suriname has been independent since 1975, and the Dutch Caribbean islands are still part of the Kingdom of the Netherlands today. The Dutch

Caribbean consists of three special municipalities within the country of the Netherlands: Bonaire, Saba and, St. Eustatius, and three constituent countries within the Kingdom of the Netherlands: Aruba, Curaçao, and St. Maarten. Aruba has had its autonomous status within the Kingdom since 1986, while Curaçao and St. Maarten only achieved this status in 2010, after the dissolution of the Netherlands Antilles. In the same year, the public entities of Bonaire, Saba, and St. Eustatius got their current integrated status within the country of the Netherlands. The population of all three cases is under a million. The population of Suriname is around 550,000, the population of the constituent countries together is around 310,000, and the population of the special municipalities together is around 25,000. Although Suriname is located on the continent of South America, all three cases are geographically and culturally more linked to the Caribbean region of the world (Girvan, 2005). Apart from these three main criteria, there are also other similarities between the cases: Dutch is an official language in all three cases, both Suriname and the Dutch Caribbean have sizable diasporas living in the European Netherlands, and the majority of the population of the three territories identify as Christian. The similarities and differences of the MSSD are illustrated in Table 1.

Table 1. Most Similar Systems Design of Suriname, CAS & BES Islands.

Suriname	Aruba, Curaçao & St. Maarten	Bonaire, Saba & St. Eustatius
Former Dutch Colony	Former Dutch Colony	Former Dutch Colony
Small Population	Small Population	Small Population
Caribbean	Caribbean	Caribbean
Sovereign	High Autonomy	Little Autonomy
Economic Performance?	Economic Performance?	Economic Performance?

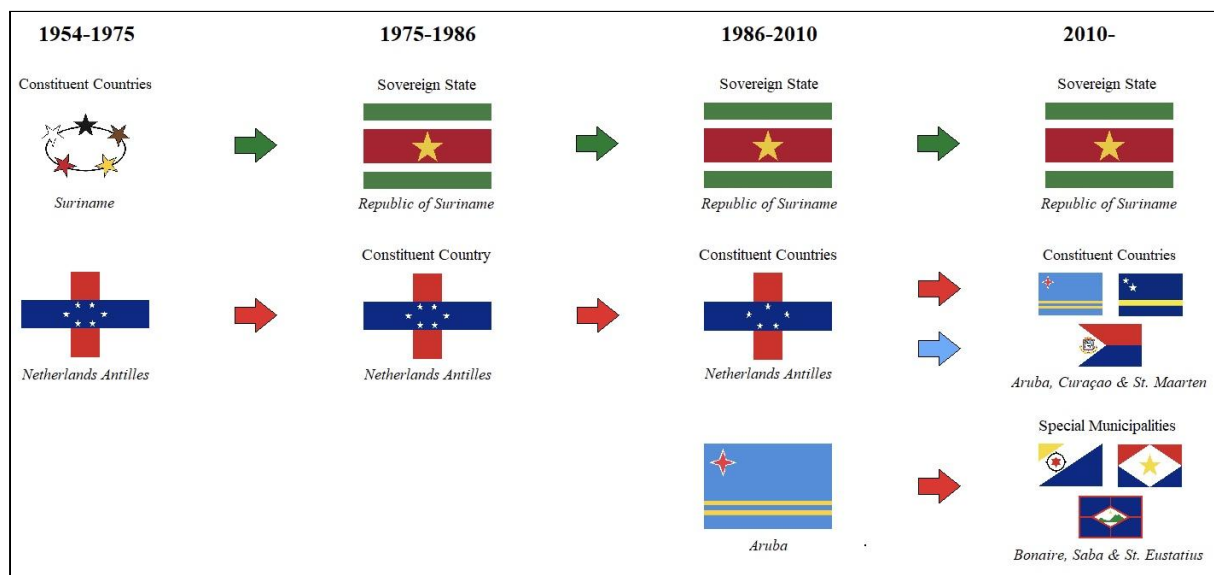
The major difference between the three cases to examine is the degree of sovereignty they experience: Independence in Suriname, A high degree of autonomy in Aruba, Curaçao and, St. Maarten, and a lower degree of autonomy for Bonaire, Saba, and St. Eustatius. Another key difference that needs to be explained is the fact that Suriname is not an island. This will not create any issues because, similarly to an island, the population is concentrated along the

coast, and they are surrounded by rainforests further inland. This makes Suriname act like an enclave, creating similar problems and prospects to that of an island (Sutton & Payne, 2013). The most similar systems design facilitates the generalisability of the findings to cases that share similar characteristics, like a shared former colonial power, region, and population size.

6 Research Methods & Techniques

The research methods and techniques employed to answer the research question in this thesis consist of a combination of process tracing, content analysis, and two interviews. In order to analyse a dependent variable like economic development, it is necessary to investigate changes over time in a chronological manner. The method of process tracing in combination with qualitative content analysis is the preferred tool to do so. As formulated by Collier (2011), process tracing indicates a systematic examination of evidence over time to evaluate the causal claims that can be extracted from the expectations in this thesis. This method of qualitative research is selected instead of quantitative research because it facilitates the ability to add inferential leverage to the findings (Collier, 2011, p. 823).

Figure 1. Process Tracing Timeline.



Before employing the process-tracing method, it is crucial to establish a time dimension in which important dates are accentuated (Collier, 2011, pp. 828-829). In the content analysis, the three cases are studied across four periods. The four periods will help examine the effects of certain changes in autonomy on the economic performance of the territory. The four

periods are: (1) The situation of Suriname and the Netherlands Antilles after becoming constituent countries within the Kingdom of the Netherlands in 1954 and before the independence of Suriname in 1975, (2) The situation of Suriname and the Netherlands Antilles after 1975 and before the separation of Aruba in 1986, (3) The situation of Suriname, Aruba, and the Netherlands Antilles from 1986 up until the dissolution of the Netherlands Antilles in 2010, (4) and the situation of Suriname, the CAS islands, and the BES islands up until the present day. Although the region examined in the analysis will not differ over the periods, the names, roles, and the number of cases will differ. This situation is illustrated on the timeline in Figure 1.

In the analysis, several reports on the economic performance of the territories in question are investigated. These include reports by the IMF, World Bank, CBS (Central Bureau of Statistics of the Netherlands), and the Dutch Government. During the analysis, the emphasis is on the economic performance indicators mentioned in the conceptualisation and operationalisation section: economic growth, welfare, and unemployment. These data are examined concerning the case's respective period and autonomy status to arrive at conclusions about the research topic.

In addition to the method of process tracing, two interviews are conducted, one for the case of Suriname and one for Aruba, Curaçao, and St. Maarten. These interviewees are experts on these cases and have lived and worked there too. The experts are Dr. Wil Hout for Suriname, and Dr. Arjen Alberts for the CAS islands. The interviews are semi-structured with eight questions that are similar for both territories. The follow-up questions are different depending on the answers given by the representatives. The interviews are a valuable part of the analysis that will help strengthen the findings in the analysis through triangulation because of the combination of sources (Thies, 2002).

7 Analysis

7.1 1954-1975

The first period of the analysis comes immediately after the formal end of the colonial period for all three cases. The CAS and BES islands are still part of the Netherlands Antilles and are, therefore, analysed together. At this point, both Suriname and the Netherlands Antilles have the same status as a constituent country in the Kingdom of the Netherlands. Therefore, this period is considered the status quo before any changes in sovereignty have been

implemented, and it is vital to the investigation of the observed deviations later on in the analysis.

7.1.1 Suriname

After centuries of being a dependent territory and colony to the Netherlands, Suriname, in 1954, obtained the status of a country within the Tripartite Kingdom of the Netherlands (Dudler et al., 1971). This status signifies that Suriname gained self-governing rights over its domestic affairs (Dudler et al., 1971, p. 672). At this point, Suriname had a population of around 400,000 people, densely populated along the coast. This population consists of people of African, Asian, and Native American descent. The view of the IMF (Dudler et al., 1971, p. 668) suggests that the economic potential of Suriname is in the natural resources, especially in bauxite. The labor force, however, is disproportionately divided because the largest share works in agriculture while only being a small portion of real GDP (Dudler et al., 1971, p. 678). The aluminium sector is the highest contributor to GDP, and Suriname is therefore highly dependent on it. This aligns with the literature on the vulnerability of a lack of diversification (Armstrong & Read, 2003). Several development plans were constructed to improve this situation with unsatisfactory results. The Ten Year Development Plan, the Five Year Development Plan, and their extensions were funded by the Dutch to fix the issues in the economy of Suriname (IMF, 1971, pp. 682-684). This shows the dependence of Suriname in terms of development to the metropolitan state, which supports the second part of the expectation in this thesis. The economic advancements made from the start of this period until the late 60s are more linked to the exploitation of bauxite near Paramaribo than to the development plans (Dudler et al., p. 687). Until 1967 Suriname's growth of output and income was amongst the highest in the developing world, but this tapered off in the years after (WB, 1972, p. 1). Although there were no actual statistics on employment, the World Bank (1972) estimated that unemployment in 1965 was around 9.8%. The working population was only 25% of the entire population because of the low average age in Suriname and high emigration of skilled workers to the Netherlands (Dudler et al., 1971, p. 691).

The World Bank (1972, p. 2) also predicted the independence of Suriname because of the difference in developing problems and prospects to the rest of the developing world. The importance of the mining sector linked with the institutional, cultural, and financial ties to the Netherlands, like labour mobility, are expected to cause this. On the other hand, the financial ties to the Netherlands mean that the fiscal situation is comfortable, but only because of

external assistance (WB, 1972, p. 2). Moreover, the development expenditure and future development plans are financed mainly by the Dutch as well. Taken together, this supports the expectations of this thesis that links financial aid from the metropolitan state to economic development.

7.1.2 Netherlands Antilles

Similar to Suriname, the Netherlands Antilles obtained the status of a country within the Tripartite Kingdom of the Netherlands in 1954 after centuries of colonial history. At the time, the Antilles consisted of six islands in the Caribbean. Three islands near Puerto Rico: St. Maarten, St. Eustatius, and Saba, and three islands off the coast of Venezuela; Aruba, Curaçao, and Bonaire. Like Suriname, the Netherlands Antilles obtained self-governance over domestic affairs, while the Kingdom took care of defense and international affairs (WB, 1971, p. 1). The population of the combined Antilles was around 230,000 inhabitants. (WB, 1971, p. 1). The islands' economy consisted of three main pillars, petroleum refining, tourism, and assistance by the Netherlands. Combined, this meant that the GNP per capita was around 1.380 USD, which was high for developing economies (WB, 1971). Moreover, medical care and sanitation standards were high, and the death rate was low (WB, 1971, p. 1). Due to its small size and poor resource endowment, development has been limited, demonstrating the vulnerability of smallness (Armstrong & Read, 2003). The success of the oil refineries was the driving force behind economic growth (WB, 1971, p. 1). So, when adverse trends in oil prices impacted demand in the early 1960s, it had a massive impact on both economic growth and unemployment. The unemployment even led to unrest in Willemstad, Curaçao in 1969 (WB, 1971, p. 4). With the goal of diversifying the economy and reducing unemployment, similar development plans as seen in Suriname were constructed with a similar lack of success (WB, 1971, p. 12). These plans are partially funded by the Dutch, which again shows the benefits of dependence and supports the expectations of this thesis. The last plan that was put in place had more success, and multiple sectors now contribute to the economy, creating employment (WB, 1971, p. 17). This also created the inequality between the islands in terms of economic performance that existed until the separation of Aruba in 1986 because of a tourism boom in Aruba and St. Maarten while the others remained stagnant (WB, 1971, p. 8).

At this point, both the economies of Suriname and the Netherlands Antilles are for quite a large portion reliant on assistance from the Netherlands. In addition, the development plans were exclusively funded by the metropolitan state. Furthermore, it is apparent that for both

small territories, the economy lacks diversity, with Suriname reliant on the bauxite sector and the Netherlands Antilles still reliant on the oil refineries. An undiverse economy is not unusual for small territories (Armstrong & Read, 2003). The analysis of this period provides the fundamental issues and statistics found in these two territories relevant to a comparison with the region in the other periods in this thesis.

7.2 1975-1986

The second section in the analysis is the period immediately after the independence of Suriname. The BES and CAS islands are still one entity at this point: the Netherlands Antilles. In this section of the analysis, Suriname has become a sovereign state, and the Netherlands Antilles remains a country within the Kingdom of the Netherlands. In contrast to the previous section, this period provides the first diversions between the territories linked to the level of sovereignty.

7.2.1 Suriname

Suriname's immediate post-independence period is primarily characterised by mass emigration of the population to the Netherlands. The population decreased from around 387,000 people before independence to 352,000 in 1980 (WB, 1981, p. 1). The mass emigration can be divided into two bursts: around independence and in 1979-1980 due to economic stagnation and political instability. Especially the last period can be attributed as a negative consequence of independence. Emigration is the reason for many of the trends visible over this period. Employment experienced a sharp decline, but at the same time, so did unemployment, which fell from 15% to 3% (World Bank, 1981, p. 2). 40% of the labour force works in the public sector, which creates issues in the future due to it being a non-profitable sector. The population that emigrated to the Netherlands were primarily skilled and educated people, which is difficult to replace by foreigners from neighbouring countries (World Bank, 1981, p. 3).

After initial economic growth immediately after independence, total GDP stagnated around 1980. The GDP per capita did increase by 2% in the same period, but this also relates to mass emigration (WB, 1981, p. 3). After independence, the bauxite sector declined sharply because of adverse trends, followed by stagnation in the years after (WB, 1981, p. 3). Suriname's development expenditure rose immediately after independence but then sharply declined afterward, most of which went to physical infrastructure and only a tiny portion to

social infrastructure. The development expenditure was mostly attributed to large infrastructure projects like railroads and hydroelectric power projects (WB, 1981, p. 5). In almost all aspects, a shock effect is visible after independence either negatively or positively, followed by a period of stagnation. It is difficult to determine the influence of sovereignty on economic performance only a decade after independence. Short and long-term prospects of Suriname are highly dependent on the success of the bauxite industry.

7.2.2 *Netherlands Antilles*

Even though the Netherlands Antilles has not chosen independence or another change in autonomy, some emigration to the Netherlands has been visible here as well (WB, 1979, p. 1). The country experienced high levels of income that results in a GDP per capita of 2,693 USD in 1977, which is one of the highest amongst the developing countries and it was relatively evenly distributed over its population (WB, 1979, p. 1). The country's income is traditionally sustained by the petroleum sector and Dutch financial assistance, but the Antilles have also explored other sectors over this period (WB, 1979). The country has an economic advantage related to its strategic location along international shipping routes and a favourable climate for a tourism sector. This has resulted in an increase of the latter two sectors to make the economy dependent on oil refining, transshipment, and tourism. (WB, 1979, p. 1). At the time, the World Bank (1979, p. 8) saw offshore financing as another sector for potential economic growth.

Despite these efforts, the small size and population have hindered developing a domestic market and further economic diversification. Combined with the extreme openness of the Antilles' economy, even for Caribbean standards, which makes it very vulnerable (WB, 1979, p. 1). The worldwide economic recession in 1974-1975 resulted in a slower output of the US-based refineries and increased unemployment. Consequently, the tourism sector has taken a more prominent role within the economy of the Antilles because it is a more resilient economic sector on its own (WB, 1979, p. 2). This sentiment is echoed during the interview with A. Alberts:

“Tourism is not very vulnerable at all. For example, all your tourists are American, and their economy experiences adversity. The ones that could normally afford a vacation to Fiji will now come to the Caribbean. The number of tourists and money that they spend is not so much different, you just get a different segment of the same population.”

The share of GDP from refining decreased by 10% from the 1960s, while the share for tourism increased from 12.5 to 15%. The government sector made similar improvements (WB, 1979, p. 1). The recovery from the global recession has been favourable, with increases over most sectors in general (WB, 1979, p. 2). However, the Antilles experienced an increase in unemployment because of a combination of slow economic growth, high wages, and increased labor force (WB, 1979, p. 4).

Apart from an immediate shock effect, the impact of sovereignty in Suriname has not been observable yet, partly because both territories experienced exogenous shocks to their economies. The Netherlands Antilles did show the ability to recover from this. Suriname did not, but this is related to the fact that this period can best be categorised by the mass emigration of Surinamese to the Netherlands.

7.3 1986-2010:

After the independence of Suriname in the previous section, this period will introduce the second partial case that will remain unchanged in terms of autonomy up until the present day. In 1986 the island of Aruba decided to separate from the rest of the Netherlands Antilles. This occurrence has influenced both the island of Aruba and the remaining Netherlands Antilles, demonstrated by this quote from the interview with Arjen Alberts:

“The famous saying back then in the Netherlands Antilles was: "Six minus one equals zero." When you take one island away from the Antilles, the rest will crumble.”

For Suriname, this period will demonstrate the impact of independence to a greater extent than the previous section because of the stabilisation of the population size, but even more importantly, it demonstrates the impact of the military regime under Desi Bouterse on Suriname in the years prior. This was only possible because of the independence of Suriname, which means that the absence of relations with a metropolitan state could not ensure its advantages, like democracy (Ferdinand et al., 2020).

7.3.1 *Suriname*

Linked to the Sergeants Coup in 1980 and the start of the military dictatorship under Bouterse, Suriname saw its economic performance deteriorate significantly. Total GDP declined by 2% annually, and it had a similar effect on deficits and balances (WB, 1986a, p.

1). The economic deterioration derived from adverse developments in the two most significant sources of foreign exchange in the economy of Suriname: the bauxite sector and Dutch financial assistance (WB, 1986a, p. 1). This effect was amplified by the inappropriate domestic policies implemented by the regime. The bauxite sector that generated 18% of total GDP and up to 80% of export earnings, experienced a soft international market in the latter half of the 70s, and earnings dropped to only 30% of GDP by 1980 (WB, 1986a, p. 1). Moreover, the Netherlands suspended the disbursement of development aid in 1982 due to the dictatorship in Suriname (IMF, 1995a, p. 1). The aid had averaged 90 million USD annually and financed 90% of the investment program in the public sector before this decision (WB, 1986a, p. 1). This financing crisis for the government resulted in less development expenditure and delayed development projects. At the time, 100.000 people of the labour force of 143.000 were employed, mostly in government roles. Unemployment has risen to 30% until 1986 (WB, 1986a, p. 2).

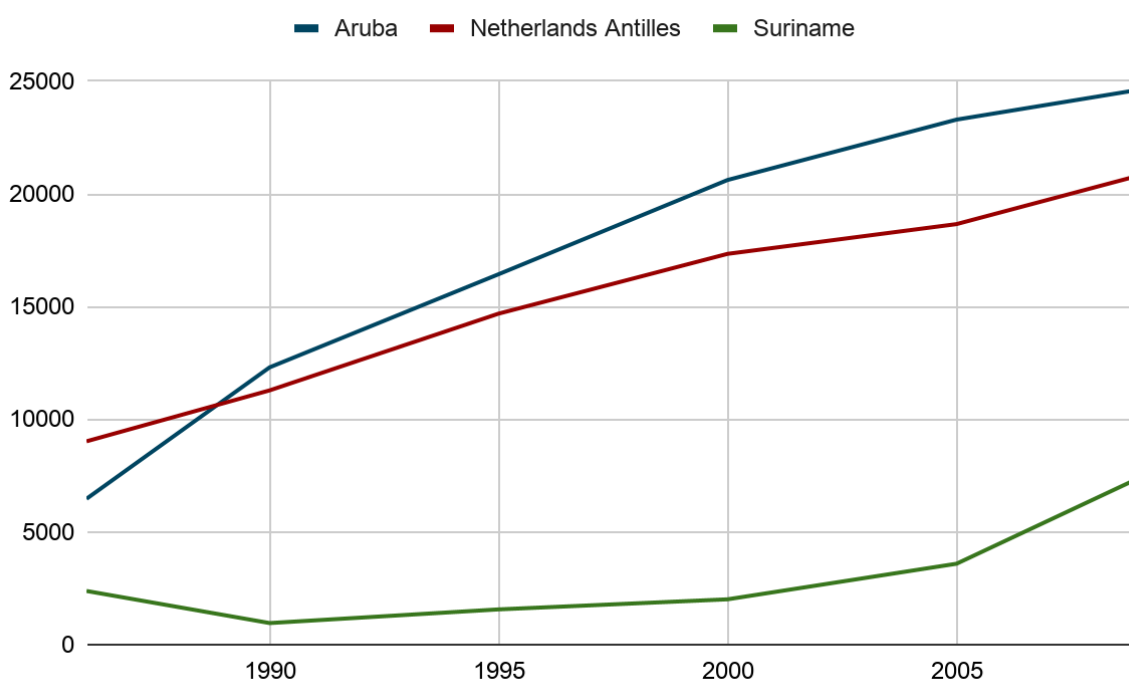
A decade later, in 1994, after the end of military rule, economic performance has further deteriorated, mainly through the further decline of bauxite world prices (IMF, 1995a, p. 1). During the late 80s, GDP further declined by 12%, with remittances from the Netherlands preventing a more significant economic downfall (IMF, 1995a, p. 1). In the early 90s, GDP recovered slightly, but inflation accelerated due to financial policies (IMF, 1995a, p. 1). This still meant that 25% of the population lived in poverty in the mid-90s (IMF 1995a, p. 13). Several plans were put in place by the democratically elected governments to fix the economic problems in Suriname, like the Structural Adjustment Program in 1992 (IMF, 1995a, p. 2).

After the turn of the century, authorities tightened the policies regarding the macroeconomic issues of the country, which stabilised the economy (IMF, 2005a, p. 3). This meant that total GDP started to grow 5% annually until the policy stance eased again in 2004. Suriname stayed prone to exogenous shocks and poor macroeconomic management because of its dependence on bauxite and gold exports, which supports the first expectation of this thesis. The situation was not helped by a large and inefficient public sector of 60% of employment (IMF, 2005a, p. 4). Suriname's social indicators were above average for Latin America and the Caribbean, but the poor were most affected by the erratic economic policies (IMF, 2005a, p. 4).

7.3.2 Aruba

The Netherlands Antilles until 1985 was centrally governed in Willemstad, Curaçao. Due to the rising disparity between the islands, as mentioned in the Interview I, Aruba separated from the Netherlands Antilles and obtained the same status as an autonomous country within the Kingdom, on January 1st 1986. The island has a favourable climate and strategic position along trade routes but lacks natural resources and relies on imports for basic needs. (IMF, 1999a, p. 4). Over the period from 1986-2010, Aruba had made a gradual transition from oil refining and transshipments to tourism, largely due to exogenous shocks to the oil sector (WB, 1986b; IMF, 1999a). Aruba recovered from these adverse trends in international economics with the help of financial assistance from the Dutch in return for government spending reforms (WB, 1986b, p. iii). Development aid still amounts to 0.75% of GDP in 2003 (IMF, 2005b, p. 6). Apart from the periods immediately after exogenous shocks, Aruba has made significant advances in economic growth, as demonstrated by Figure 2. The employment numbers in Aruba are heavily correlated to the trends seen in economic performance. (IMF, 1995b, p. 3). Lastly, Aruba already had a well-developed infrastructure and high standard of living at the start of the period, which has only improved over the years (WB, 1986b. p.1).

Figure 2. GDP per Capita in USD for Aruba, Netherlands Antilles & Suriname.



(Data from the World Bank, 2021, and UNSD, 2019).

7.3.3 *Netherlands Antilles*

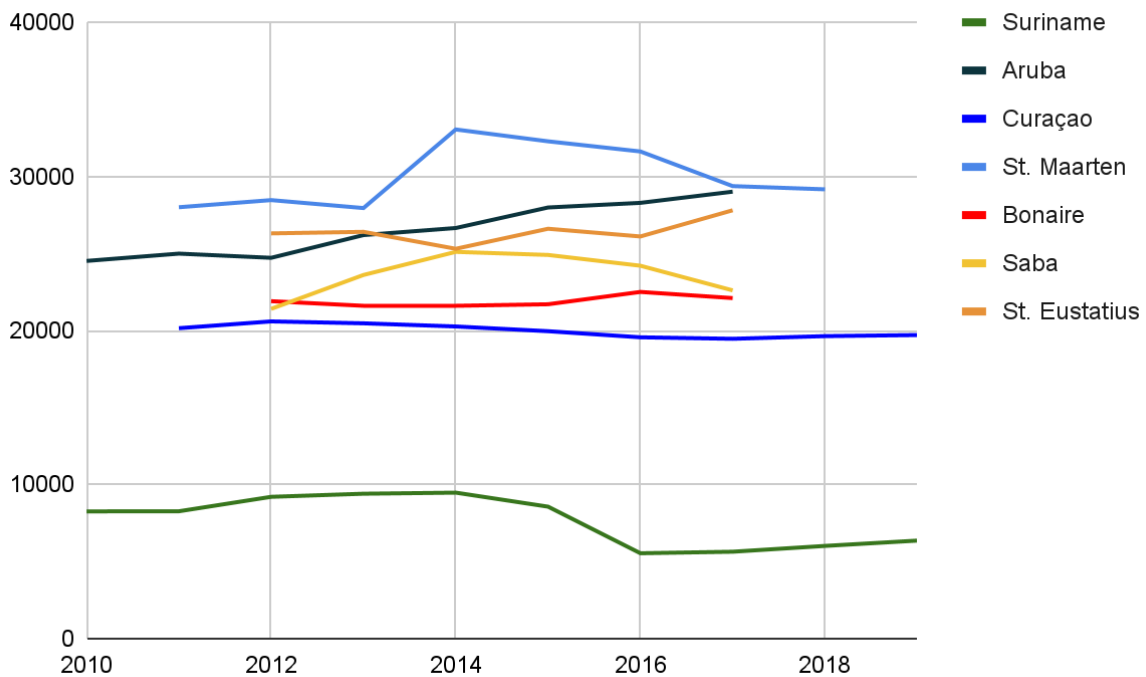
The remaining Netherlands Antilles, which now consists of 5 islands, has a similarly high standard of living with an income per capita in 1985 of around 6,600 USD comparable to industrial states (WB, 1986c, p. 1). The key industries over this period are oil, offshore financial services, tourism, and transportation services (WB, 1986c). Similar to Aruba, the oil industry was affected by external shocks, like the drop in oil prices in 1983. Things that offset these issues were the growing tourism sector, especially in St. Maarten and the offshore finance sector, mainly in Curaçao. Besides this, the Antilles are still dependent on external aid by the Dutch government (WB, 1986c, p. 1). This reinforces the first component of the expectations in this thesis. The Antilles experienced strong economic growth at the start of the period, followed by a decade-long period of stagnation because of more external shocks in oil but also environmental issues like a hurricane on St. Maarten in 1995. Fiscal mismanagement and lack of diversification made the islands more susceptible to these shocks (IMF, 1999b, p. 4). After the turn of the century, disappointing economic growth continued, which only picked up with the perspective of debt release around 2006 (IMF, 2008). All islands at this point contribute to the solid economic performance. Unemployment numbers show similar trends with stagnation followed by a drop around 2008 from 16 to 11%, and the standard of living has remained high over the entire period (IMF, 2008, p. 2).

Despite the separation of Aruba, the economic performance of both Aruba itself as Netherlands Antilles has improved. Suriname, on the other hand, has over the whole period stagnated because of changing governments. This highlights the difference in sovereignty between the two territories and their relation to economic development.

7.4 2010-

The most recent period of 2010 until the current day revolves around the dissolution of the Netherlands Antilles and its consequences. The dissolution was an eventuality after the separation of Aruba, but only in 2010 Curaçao and St. Maarten obtained a similar status to Aruba. Bonaire, Saba, and St. Eustatius obtained the status as special municipalities of the Netherlands. This is the first time in the analysis where all three cases can be examined separately, focusing on the higher level of autonomy of the CAS islands and a lower level of autonomy of the BES islands. For Suriname, this period demonstrates the continuing economic deviation from the rest of the cases since its independence.

Figure 3. GDP per Capita in USD for all Territories in the Analysis.



(Data from the World Bank, 2021, and CBS, 2020)

7.4.1 Suriname

Right before 2010, Suriname was in a period of relative social peace and a mostly benign external environment that promoted some social and economic development (IMF, 2010a). The mineral and energy sector accounted for 30% of GDP, of which gold had become the main source because aluminium production sharply decreased due to the exhaustion of the mines (IMF, 2010a, p.3). Economic growth had slowed from 6% to 4.5% from 2006 to 2009, and unemployment was estimated to be around 11% at the start of this period (IMF, 2010a, p. 3). The further deceleration of economic growth during this period can be attributed to the return of Desi Bouterse as president of Suriname and the further contraction of oil and gold prices (IMF, 2014; Interview II). In 2014 the GDP per capita was measured to be 8.910 USD, which is much lower than the other cases in the analysis. In more recent years, the economy has accelerated from 1.8% GDP growth in 2017 to 2.6% GDP growth in 2018, and unemployment fell to 7.6% in 2017 and is expected to drop even further (IMF, 2019). Figure 3 illustrates the deviation between Suriname and the rest of the cases in the analysis, which has been increasing over the decades. All the changes in economics over the years did not influence living standards, and this observation was also made by W. Hout in the interview:

“I used to walk around a bit in the center of Paramaribo, and part of the pavement that was bad when I came there first in 2003, is still bad nowadays.”

Recent oil explorations were successful, which means there are some prospects for future economic development. The success entirely depends on how Suriname will handle this situation because it may create another undiverse economy (IMF, 2019).

7.4.2 Aruba, Curaçao & St. Maarten

The two newly autonomous islands within the Kingdom experienced slow economic growth and high unemployment numbers after obtaining their new status (IMF, 2011, p. 4). The Dutch government did provide substantial debt relief, which means that Curaçao and St. Maarten could start with a blank slate, which can be linked to the second part of the expectations of this thesis. In return, the Dutch were allowed to oversee the fiscal framework with the ‘College Financieel Toezicht’ (IMF, 2011, p. 4). This dilemma between financial aid and autonomy creates tensions between the islands and the Netherlands (IMF, 2011, p. 6). Another issue the new roles creates is the fact that St. Maarten needs to take over tasks that were previously done by the central Antilles government in Curaçao, and at the same time, Curaçao needs to shrink its government sector because of this (IMF, 2011, p. 5). Like the currency in Aruba, the newly implemented currency union in Curaçao and St. Maarten was pegged to the USD to create stability. (IMF, 2010b, p. 3; IMF, 2011, p. 4). Even with the newly created stability, the economies of all three islands are extremely open and, therefore, vulnerable to external shocks, like the global economic crisis at the start of the period and the political crisis in Venezuela that impacted tourism for the islands. One notable shock for St. Maarten was the Irma and Maria hurricanes in 2017. St. Maarten received 500 million USD from the Dutch government to recover (IMF, 2020, p. 4). The economies of St. Maarten and Aruba are highly dependent on tourism. Aruba’s dependency is the third most globally with 85% of GDP (IMF, 2015, p. 3). Curaçao is somewhat more diverse, with income also coming from offshore financing, the refinery, and free zones (IMF, 2011). Even though economic growth and unemployment have been lackluster over this period, the GDP per capita and living standards have been close to or on par with high-income level countries for all three islands (IMF, 2010, p. 3; IMF, 2016, p. 4).

7.4.3 *Bonaire, Saba & St. Eustatius*

The BES islands have hardly been mentioned in the analysis before because of their small size and reliance on the other islands of the former Netherlands Antilles. After 2010 these islands have been fully integrated into the Netherlands as special municipalities, which means that they have lost almost all of their autonomy in return for investments from the metropolitan state. Bonaire has experienced the most economic growth since 2010, while the other islands only experienced limited growth (Van Buiren, 2019, p. 21). This trend relates to the changes in population for the islands, especially for Bonaire, where an increase of population of 24% resulted in a decline in GDP per capita. The effect was the other way around for St. Eustatius (Van Buiren, 2019, p. 21). Unemployment in Saba and Bonaire has increased during this decade, but for St. Eustatius, it has remained relatively low at 3.3% (Van Buiren, 2019, p. 33). The three islands combined, however, have established promising social-economic developments compared to the region. Advances have been made in the growth of the economy, a decline in unemployment, and an increase in purchasing power (Van Buiren & Gerritsen, 2020, pp. 51-52). This relates to the investments in healthcare, education, sustainability, energy and infrastructure, and will only lead to more economic growth in the future (Van Buiren & Gerritsen, 2020, pp. 51-52). The investments are possible because the Caribbean Netherlands has access to financial resources and knowledge from the Netherlands. Another influence is the monetary change to the USD, which positively influenced these investments, but also increased poverty through higher costs of living (Van Buiren & Gerritsen, 2020, pp. 51-52). The economic advancements are made possible by investments from the Netherlands, with the goal of making the islands as self-sufficient as possible (Van Buiren & Gerritsen, 2020, pp. 51-52). As shown in Figure 3, GDP per capita has increased overall for the BES islands in this period, especially considering the influx of population.

8 **Conclusion**

Due to the smallness of these territories, all three cases experience vulnerability equally, which contradicts the first component of the expectations that suggests that less autonomy leads to less vulnerability. Exogenous shocks, whether environmental, economic, or political, have a considerable impact on the economies of the three territories (Sutton & Payne, 1993; Briguglio, 1995). None of the cases have the facilities to react to adverse trends because of the lack of diversification and openness of their economies (Armstrong & Read, 2003).

The recovery to these shocks is where the cases start to differ, which connects to the second component of the expectations regarding the relation with the metropolitan state. The BES and CAS island groups and the Netherlands Antilles before them possess the ability to fall back on financial assistance from the Netherlands in times of need (Connell, 1994; McElroy & Mahoney, 2000). On the other hand, Suriname suffered the adverse effects of exogenous shocks for longer and more severely. The islands' ties with the Netherlands also ensure human rights and democracy (Ferdinand et al. 2020), while Suriname has experienced undemocratic periods, which were detrimental for economic development.

The combination of vulnerability with the difference in relations with a metropolitan state leads to the difference in economic performance between the Dutch Caribbean and Suriname. According to most indicators in this thesis, in line with the expectations, the BES and CAS islands show more promising economic developments than Suriname. The divergence in economic development between Suriname and the former Netherlands Antilles has increased over the decades. Regarding the difference between the CAS and BES islands, only the beginning of certain trends are observable due to the recency of the changes in autonomy. The BES islands demonstrate stable economic growth, and high living standards linked to their integration into the Netherlands. The CAS islands display overall economic growth, but this is combined with a degree of volatility.

For these reasons, the answer to the research question encompasses that a lower level of autonomy, and therefore increased dependence on the metropolitan state, will offset the negative effects of the vulnerability of small territories. In other words, less autonomy leads to an increase in economic performance. However, it is also necessary to emphasise the shortcomings of this thesis. It is difficult to translate long-term differences between the CAS and BES island groups, there were fewer sources available for the earlier periods in the analysis, and the interviews covered only two out of three cases.

The findings in this thesis are generalisable to territories that share similar characteristics but differ in the level of autonomy. Most importantly, smallness, a shared former coloniser, and a shared region. Of which there are several examples in the Caribbean or Pacific. The results of this thesis can be used as a tool towards the discouragement of independence for small non-sovereign territories seeking increased economic development. Scientifically, this thesis provides a new way of analysing sovereignty by approaching the concept as a continuum. Further research is necessary to elaborate on this notion and demonstrate the differences within the group of non-sovereign territories.

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10 Appendix:

10.1 Interview I

Interviewee: Dr. Arjen Alberts (AA)

Interviewer: Raúl von Liebenstein (RL)

Date: Saturday, May 8

Meeting place: Zoom call

RL: Could you first state your name and what it is you do?

AA: Yes, my name is Arjen Alberts. I'm a resident of the Caribbean part of the Dutch kingdom since 1998, so that is about 23 years now. Aruba, St. Maarten and presently Curaçao. In that time I've been in education, a policy adviser for different governments on different islands and a researcher and I recently finished my PhD on the specifics of the socio-economic dimensions of the tourism-driven development model of Aruba and St. Maarten.

RL: Then I'm going to start with the first question, how would you describe the economic developments of the former Netherlands Antilles since 1975?

AA: Yes, that is a difficult question to answer with one single statement, because one of the things, that is also one of the main findings of my thesis, and it's not really new, is the divergence of the different islands economically. So they were never really consistent amongst each other. So economically, it's always been Curaçao as an administrative center with a large government sector, which is economically also important. So, servicing the six islands. The trade harbor/hub functions for Curaçao, and the oil industry. And not very much else. So those three things for Curaçao, right, (1) government administration and everything that comes with it, (2) trade, transport and harbor facilities, which is pretty big on Curaçao, also the repairing and docking of ships from there, not necessarily from Curacao itself, (3) and the oil industry, the refinery. So in later years, but that is after 1975, the offshore financial sector came to play a role, not too long after 1975 actually. The same kind of thing goes for

Aruba. So the dwindling down of... Ok, let me do them one by one. (end paragraph) The oil industry played the main role for Aruba, for Curacao, and for St. Eustatius. So that dwindled down. You mentioned 1975. 1975 is the dying days of the oil industry. It has been dying since. The heyday was in and after the Second World War. And then automation eliminated a lot of employment opportunities in those big refineries. And big refineries, that were really big refineries, right. So at that time, among the biggest in the world. So, a lot of people work there, but not anymore, although the capacity was still there. Not many people were needed any more to keep them running because of automation. So in 1975, the refineries, as a contributor to GDP, were already on their way down, significantly. So what you see in the Netherlands Antilles and in that time is a scramble to find something else, and different paths were followed to, let's say, find something else? So Saba is, of course, if you go down the line of the six islands, right, so the lay of the land. So economically, Saba has always been the smallest island with the smallest population. So that was always pretty self-sufficient, a little bit of tourism, a little bit of whatever. A few hundred people, not much there. St. Eustatius had, and still has, an oil storage facility where they could take oil from big tankers and put it in these smaller tankers and then send it towards the United States. That became less as well. Also a few thousand people, nothing spectacular there. Bonaire: also a very small population. Let's say, it always was very dependent on Curaçao. So in all respects, they are oriented only towards Curaçao and nothing else. And that is different from all the other islands. St. Maarten was always oriented towards the United States, Aruba was oriented towards the mainland of South America and the United States, and, of course, also to (Curaçao?). So economically, the downward spiral of the oil industry was the main negative development, and then you get different positive developments in the Antilles with respect to tourism. So there's oil going down, and tourism going up. The tourism going up, that's where the differences are, and that's where the divergence comes from. And that's where Status Aparte comes from. The different types of economic development, employment, immigration, and also governance. Yes, so that mix of economic, governance, and population/immigration and the different solutions to that mix made the island so much different that it all fell apart. What happened is that Aruba... And this was already happening, so the few big hotels were already built in Aruba in the 1960s. With foresight. Because they knew already that oil was a finite source of economic welfare. So they started already developing an alternative and they were very well known with Americans, because the refinery on Aruba was American: Exxon. And the refinery on Curaçao was European: Shell. So British/Dutch. Which turns out to have had a significant influence on how the islands develop further. So the Arubans already knew the Americans,

they already went there and they said: "Ah, this is a nice vacation island." So they took that up and they ran with it. And they always had the feeling that Curaçao was benefiting more from Aruba than Aruba from Curaçao. And of course, that is the constant. Every smaller island, if you have a combination of several islands under one jurisdiction, the smaller one always thinks that the bigger one is benefiting from them, and that they're exploited by the bigger island. Hands down, everywhere. Anguilla split off from St. Kitts. Tobago wants to get away from Trinidad. Well, there's five more examples. There's always the smaller islands, and not even only islands. Also, Scotland wants to get away from the UK. It's a regular thing, right?

RL: *Connectivity Issues*

AA: So, different types of tourism. So Aruba and St. Maarten followed kind of similar tracks, Aruba only a little bit later. St. Martin already jumped head first into economic tourism development around 1970, seriously, with big hotels opening up to American investors, because St. Maarten is much closer to the United States and close to the US Virgin Islands and Puerto Rico. They kind of emulated the model of US Virgin Islands with respect to tourism and cruise tourism as well. So they basically opened the door to any and all American investors with any and all activities, legal and illegal. And the Americans are looking for opportunities to , basically, build casinos because of Cuba. They lost Cuba as their playground in the 1950s. So they were looking for other locations to build casinos. St. Maarten said, OK, you can have our island. So they got a lot of tourism development from that, and the luxury hotels. And it all started very luxurious and very, very high end, on Aruba, as well as, St. Maarten. And it gradually became bigger in volume and less in quality and also less dependent on those first casinos. So economic development actually starts to diverge since the 1970s. So Aruba had a more, and still a little bit more controlled development... Ok, let's not exaggerate control here... St. Maarten was more of a free for all type of island, with foreign investment, everybody's welcome, whatever you do, go ahead, and that also had to do with the distance between Curacao and St. Maarten. The physical distance and the governance distance, so there was this kind of... This is an interesting point. In the central government of the Antilles, Curaçao was dominant. The most population, the most seats, but not all the seats. And because in Curaçao politics is very fragmented. To make a coalition, they always needed the one seat that St. Maarten had or the six seats that Aruba had for that matter. But anyway, somehow St. Maarten was always in the key position, in the

kingmaker position to give one or the other coalition its majority. And that went on for decades. In return, the Central Government of the Antilles on Curaçao turned a blind eye to whatever was happening in St. Maarten. And it was far away anyway, nobody cares much to begin with. So they pretty much went their own way with economic development and also governance. Right. That's where the idea comes from that St. Maarten is a pirates nest. And there is a reason for that image and that image comes from the Antilles days, when this grand scheme was developed. And that went on until the early 1990s. So in the meantime, Curaçao was much less successful in finding alternatives for oil, so they went towards offshore financial services. That went well for a while, and then it didn't because those offshore financial services are 90 percent based on tax evasion, basically. You can talk a lot about it, but it's basically: People parking their money so that somebody else doesn't see it. So there's hardly ever a, let's say, economically productive reason for that. That came under pressure. So the last 20 years, only the legitimate activities in offshore finance are still there, and the rest is weeded out by pressure from the United States and pressure from the European Union. (end paragraph) An easy way to see it is if you look at the population numbers for Aruba, St. Maarten, and Curacao, in that period since 1975. So in Aruba it increased normally for a bit, and then you have a little dip when the oil refinery closes, and then you get an enormous boom when tourism developed, coincidentally together with Status Aparte. And then you get an enormous explosion. So the population increased enormously. And then tapered off a little after the turn of the century. But the enormous population growth, by immigration, of course, because you can never grow that fast on your own, obviously. St Maarten: same thing. St. Maarten at some point in time, had only two thousand inhabitants in 1955, or something. And then it went up, up, up, up, up and they passed the twenty five thousand point in the 70s and now they have 50000. So that's the Dutch side of the island. So economically, they also use the Labor Force One franchise, of course. But anyway. Curaçao on the other hand presently has 157000 inhabitants. But in the 90s they already had one hundred and fifty thousand inhabitants as well. So, they had enormous periods of net population loss. So where Aruba and St. Martin drew in population from the surrounding region for the labor, for their economic development. Curaçao actually ejected the population towards Holland. So, and that is especially from the less fortunate part of the population, so from that from the bottom rungs of the social ladder. Those who were unemployed were stimulated to emigrate to Holland. Even those with criminal records or even those in jail were encouraged. When they got out of jail they got tickets to go to Holland, almost. Right. So you get an enormous explosion, actually, of population toward Holland. That's why you get, you know, the less

favorable view on Antilles people in Holland, because of the less fortunate people with less opportunities. And that is...

RL: * Connectivity issues*

AA: So part of that is policy from the Curaçao side. So that was actively encouraged to emigrate because there was so little opportunity in Curaçao. And at the same time, but there's a lot of paradoxes, because it involves immigration as well. Because there's always people for whom it is still attractive, more attractive to live in Curaçao than in their own country. So, lately you had a lot of immigrants from Venezuela in Aruba now. (End paragraph) So the keyword is divergence, and the different ways to cope with the downfall of the oil industry. And uncontrolled tourism development in St. Martin and slightly better controlled tourism development in Aruba, but still way too intensive in terms of carrying capacity. But anyway, that's the topic of my thesis. So you can read more about that as well.

RL: At the start you said that the islands were for a large part dependent on the oil refineries. Is that comparable to... because then the economy was not as diverse at the time. Is it comparable to the dependence on tourism right now?

AA: Yeah, certainly. They traded in one pillar economy for another one pillar economy.

RL: And I've also read a lot about development plans like: a five year plan and 10 year plan. Also for Suriname.

AA: That is also in my thesis...

RL: Yeah, also for a certain amount is the same goal (For Suriname and the Antilles) to, like, diversify the economy. So would you say that...

AA: Diversification is a fiction. Diversification is just a buzzword. I mean there is no reason why diversification would be better than one economic sector. The problem is not one that there's one economic industry. Focus on one industry is generally accepted as being a good thing for a very small society because splitting your talents over different industries just waters down your capacity. And if you're in a small, small island economy, right? So it's not,

diversification is not a good thing by itself. It may very well be a bad thing, actually. And there is a very good reason why it's a bad thing, because very many things are dependent on some types of economies of scale. And development of a knowledge base that you need, in a way, is pretty complicated and has many dimensions. Tourism is not a simple industry. You need a lot of different things already to run a tourism industry based economy. You need technical stuff. You need marketing. You need hospitality services, you culinary arts. You need all those things and, you know, financials. And it's already a very diverse package of skills and qualities that you need. OK, so you scramble to actually have the people to fulfill all those functions within tourism. Now you're going to say: "no, we need to diversify." Then you take away talent from that one industry that you already have and put them in a different industry, which is by nature, probably also complicated. Yeah. And you already have a small population, so it's generally unwise to do that. So why do people talk about diversification because of the swings, the business cycle of one industry. So what we need to do, we have to be smart about that one industry that you have. So the tourism industry in the islands is already not uniform at all. It already is internally very diversified so that the business cycle doesn't get you at all points, at the same time. Of course, that argument has now gone down the drain because Covid hits all types of tourism all at the same time across the board. I always used to use that argument, but it's now not valid anymore, of course, in the new circumstances. But, you know, you have your cruise tourism, which is unrelated to your hotel tourism, which is again, completely different from time-shared, which again is different from yachts, with rich people who park their yachts in the harbor marina, etc. So. If you want to beat the business cycle ups and downs, you have to be smart about how you do tourism. It's always about how you do tourism and not if you do tourism or something else, because something else may be just as vulnerable as the first thing you did, and took away talents and skills and resources from the first thing you did. So it's really spreading. You're already struggling to fulfill all the functions and spread yourself even thinner. So, it's about: Doing one thing smart, is better than doing many things, when you're living in islands and a small community. This is a pretty much accepted wisdom.

RL: Alright, then I'll go to my next question. What kind of impact has the separation or Status Aparte of Aruba in 1986 had on Aruba and on the Netherlands Antilles?

AA: The famous saying back then on Curacao and the rest of the Netherlands Antilles was: "six minus one equals zero". So they said: "When you take one island away from the Antilles,

the rest will crumble." Which is what happened, it took a long time, but it happened. It actually started right away. So they were right in saying that. That the Antilles was not a viable unit. But the problem, of course, is that it was never a viable unit to start with. And that started with the divergence. So when there were very few people and very little economic activity. It was never a problem, of course, then it's easy to... I mean, the governance of the Antilles never made sense except from the Dutch point of view. Right. So that, of course, that is just obvious. Right. So that is the colonial foundation... Well, it's history, you can't undo that, so it's a given. It's good to repeat that. So it never made sense to begin with. So you could ask yourself what exactly it is that you're losing. So to make that point very short. In my view, this is a mix of fact and opinion. I think that since the governance structure didn't make any sense to start with, it was actually good to do away with the governance structure of the Antilles. So that is now completely gone and then reinvent the better parts of cooperation again. And that has started happening already. So instead of the top down/governance/authority based forced cooperation that they had in the Antilles period, which, of course, led to tensions. Now, without the forced nature of that structure, they are reinventing all kinds of cooperation, which actually makes sense and is actually favorable. So doing stuff together because you have the same language, and still are in the same kingdom. So they cooperate a lot actually, especially now with Covid, in the medical arena and all kinds of things. Which actually is better than under the Antilles because St. Maarten never used to cooperate with Aruba much, except when Curaçao told them to. And now they're doing that on their own volition. Also St. Maarten is cooperating better...

RL: *Connectivity issues*

AA: So I said, for instance, St. Maarten, Saba, and St. Eustatius are cooperating better now because they don't need to wait for Curaçao to tell them what to do. Now back to Aruba. So, yes, Aruba had the feeling... Aruba was developing. Aruba was always very rich by virtue of the oil refinery. So when everybody's very rich, everybody's happy, nobody... They talked about Status Aparte a very long time ago already. Actually since the refinery came up, when the money started pouring in and they had the feeling that more money went out again to Curaçao than stayed behind to develop Aruba. But when the money is very, very much, then the urgency is not so much. When a little bit get siphoned off to Curaçao there is still a lot left for us. So when the total money went down because the oil refinery went down, it became urgent again. So economically... They wanted to develop themselves with the tourism and

they thought: "yeah, well, we want to do this, but without Curaçao, because they will benefit again from it and we want to make our own path." And they were discouraged by Curaçao or so they thought. So the impact was enormous because, relatively, Curaçao now became more dominant compared to the remaining four islands than it was before because... For instance, in the parliament of the Netherlands Antilles, Aruba was the next biggest block, right? There are twelve and eight seats. So the eight seats of Aruba against 12 from Curacao and then a few for Bonaire and the leeward islands. So without Aruba, the remaining islands had no voice compared to Curaçao at all. So it was waiting to dissolve, basically, and then, of course, the tension between... No coincidence that that was the same moment the tension between Curaçao and St. Maarten flared up because that whole system that they had going on, that they left St. Maarten alone and St. Maarten always supported Curaçao in the coalition, wasn't necessary anymore. And also St. Maarten could not deliver because the dominant party that had been in power in St. Maarten for like thirty five years lost power as well, coincidentally. But anyway, so you get a fresh tension there. So next step St. Maarten gets under the under the magnifying glass and in 1990 higher supervision for St. Maarten. In a few years after Aruba left the Antilles. No coincidence. Suddenly St. Maarten is rediscovered. Oh, yeah, we have some St. Maarten there, it's not going well. Well, it hadn't changed for 40 years, but suddenly went: "Oh yeah, this is a pirate nest." While it wasn't worse than in 1970, 1960, or 1950. It was one of those things when you pull out one lock and the whole thing goes down. So governance-wise, the remaining structure wasn't stable. Economically, because the remaining islands were missing the influx of money from Aruba. They even had a solidarity fund to compensate for that. So Aruba would give money to the poorer islands after they left, so they were recognizing this, officially. And the real reason, of course, for the Status Aparte. Or, well, there's always more than one reason. But the thing that's put it in motion from the side of the political party that actually realized the Status Aparte was the 1969 events in Curaçao. When you got the mini revolution, so to speak. So the black population of Curaçao, which was always governed by the few white people that Curaçao has, they... Which again, in turn, was caused by the going down of the oil industry. So the oil industry started squeezing of the laborers, who were black, of course, and then they turned on those in power, who were mostly white. And, one thing led to the other, and there was some burning of buildings. It was one of those explosions of emotion. It wasn't really a revolution in any sense. It was more like a blowing off steam thing that got out of hand, because nobody had any program of ideology or intent of overthrowing a government or something like that. But it was a very traumatic event,

RL: Quite impulsive then?

AA: Impulsive. Yes. No structured attempt at throwing over a government or establishing a communist state or anything. There was no ideology in there at all. But. Never underestimate the racial feelings on Aruba. Aruba population considers themselves, Latin American/Native American. So there was always some tension with the black population of San Nicolas, who work in the oil industry mostly and came from other islands. They were very suspicious of what happened in Curacao. They thought the black population are going to take over in a year or so and now we're going to be governed by a black Antilles government. So that was the reason that that political party of Betico Croes took up the existing Status Aparte idea and ran with it in a very different way. This is not what you read in the official history, because this is, of course, downplayed, but that is the reality on the ground. So it is there, but you have to really... Yeah. So, of course, officially it's about the money, but an important emotion behind it is May '69. And indeed, it is true that from that moment on, obviously black politicians came to the forefront in Curacao, which is not very surprising since 98 percent of the population. So, what is the problem exactly? But anyway, from the Aruba point of view, from some Arubans, especially from that political party that was perceived as a threat...

RL: And you said that Aruba's population is mostly Latin/white?

AA: Well, they consider themselves descendants of the Native American population and/or Latin American immigrants. And recently, of course, the mostly black immigrant population from other British speaking islands that already had the oil industry before, that were pulled in. And they live in San Nicolas on one tip of the island and work in the oil industry. They spoke English (1), better educated (2), and therefore became the team bosses, mid-level management in the oil industry (3). Being the boss of the people who considered themselves white, "real" Aruban. Recipe for feelings of racial tension. And that mixed in with the rural population of Aruba who consider themselves the original population, and whatever that means. But anyway, those feelings intermingled and they led to a new kind of Status Aparte...

RL: *Connectivity issues*.

AA: So that's pretty much... So it was Aruba stepping out the Antilles was the death sentence for the Antilles' structure.

RL: And then it took quite some decades still to...

AA: Yeah, but that is just inertia. I mean, they couldn't agree on how, but the outcome was clear since 1990 or something. They just took a very long time to actually do it. Most of the time I lived there since from 1998 onwards to 2010. They were talking about nothing else. They just never figured out, how exactly. It's not as if the outcome was still under discussion.

RL: And how would you then describe the recent economic developments, since 2010?, Yeah, that is more fuzzy, but it's not so difficult to answer. If you look at the tourism islands. Aruba and St. Maarten have been mainly stagnant. Their model has run its course anyway. All right. So basically, it reached the end of the possibilities. So that means that everything stagnates: Population stagnates, which may be a good thing. The economic growth stagnates, which is not such a good thing. And also some problems are getting worse. So you have your carrying capacity that starts to generate real problems. So you see burning garbage dumps on all islands, because it's unmanageable. The carrying capacity visibly gets exhausted and over-extended. So that's for your tourism islands. They are struggling to find something new or rejuvenation of their formula, but they're just muddling through. Without much innovation or anything. And that's where you get to talk about diversifications. What are you going to do? What are you going to do that actually competes successfully with anybody else from a small island in the Caribbean with intrinsic challenges in transport and communication? So what are you going to do, make a factory or something? Or do what exactly can you do better than anybody else? It's hard enough to do the stuff that you really have a comparative advantage in, like tourism. Nobody has white beaches as you have. So you have actually do have a comparative advantage. But anything else... And pretty much anything else has been tried too. So people have a bit of a short memory here. So chemical industry has been tried because it is relatively close to the oil industry. So they thought, well, let's try that because we can use the same people and you have more or less the same logistics and shipping. Makes sense, didn't work. Because why? Because you need scale for that, that you can't offer. Those factories are as big as the whole island. Not back then. So it did work for a little while. But you get outcompeted. There's no advantage in doing that on Aruba or St. Maarten, shipping the end product to the industrial countries,. So, you have to be really smart about this. So

stick with what you know, but do it better... Now, Curaçao was stagnant, but worse, because they had little intrinsic... What they were good at is governing and government administration, which is now less demand for because they only govern themselves. So they had to eject a whole chunk of labor force from the government because instead of two layers of government to populate, they only have one now. Which they are admittedly much better at than most other islands, But, yeah, being good at governing is not an exportable thing. So they're struggling and now they have a bit of everything and a bit of tourism, a bit of offshore financing, a little bit of production. A little bit more than other islands because the scale is a little larger. So you can do a little bit of import substitution. But that's not going to make you rich. It's going to make you less poor, but it can't make you rich. So, Aruba and St. Maarten know what they can do but are decreasingly good at it. Curaçao just doesn't know exactly what industry they want to be good at. You can Google for instance, to get a clear picture of that, quite recently they published an export strategy. And if you read that, it becomes very clear because it's obvious that they have no clue what to look for. So it's a statement of all the kind of intentions, but they're visibly grappling with the question: "What on earth are we going to exports to pay for our imports?" Because that is the eternal question for an island, right?

RL: The tourism sector in Curaçao is not as big...

AA: It's growing, not as big. It's growing, but they're pretty good at it, too. They didn't used to... And they have the advantage of the Dutch tourists coming who spend a little more than the average American, at least in the segment... Well, that's not entirely true. But anyway, there's advantages to that. It's more that the Dutch people have to travel further. So they are a little more 'spending' than the Dutch people that go to Greece or Mallorca. So they make the conscious choice to go to Curaçao, so they are a little more 'spending' than the Americans. The Americans that you get are not necessarily that affluent because they go on vacation close them close to home. So for the Americans, the Caribbean is like Spain is for the Dutch. And if your really have money you go to Tunisia or something...

RL: OK and then, do you know anything from the recent economic developments for the BES islands, maybe in comparison with the CAS islands?

AA: Yeah, those are microcosms things, right? Saba is different from all the other islands because it's a very small, highly specialized, tourism island. So they did everything right. And also, governance wise, very successful. They are standing apart from everybody else. They always have the budget balanced and they get very there... There's only, from the top of my head, two thousand people or even less. Well, so they have their house in order. St. Eustatius is still very highly dependent on the oil storage facility, which may or may not exist for much longer. Always a question mark. And doesn't have anything else basically. So the whole island lives off that directly and indirectly. And Bonaire is overwhelmed with the Dutch civil servants who populate... So they have a good chunk of tourism that comes indirectly from that. And that's what they live off. But economically, of course, they're Dutch municipalities now. So automatically their deficits are all automatically covered by Holland, but they also have more scrutiny. They are more effectively control as well. But they don't have to really worry about running out of money.

RL: And then my next question is, how would you describe the economic and political relations of the CAS Islands with the Netherlands?

AA: That's complicated. There is not one answer that covers all the islands. Financial aid, of course, immediately have to set apart St. Maarten because of the aid after Hurricane Irma. So that is a 2017 and onwards. So that is a big thing right there. But if you put that to the side for a second, the constant is... This Covid thing makes it easier to explain because it made the existing tensions and problems that already existed more visible. So in terms of analysis, that is a good thing. So the struggle has become between the CAS islands needing Dutch support to, first it was to restructure or reform, now it's more like to survive. And on the other hand the degree of autonomy they want to reserve. So there's an inherent tension between the two. Because everybody will agree that the more money you contribute, the more authority you want in return. Or control over how that money is spent. So it's an escalation of the dichotomy between needing money and preserving autonomy. Those two. The need for money has gone up and the drive to preserve our autonomy has also gone up. That is to a large extent irrespective of the political party that happens to be in power, right? If you take Aruba for instance, AVP they used to be in power until four years ago, three and half years ago, and they were in power for eight years. And they got their version of the CFT imposed on them by the kingdom. All right, CFT was already there. CFT was put in place after 2010 in one of those swaps between autonomy and aid. That was the master swap of 2010, we take

over your official debt or your government debt. We take it over ninety five percent. You don't have to worry about it. You could start with a clean slate. So whatever the Antilles had in official debt, we take it over, but you accept that I expect 'financieel toezicht', that is CFT. So you curtail your autonomy somewhat because you get the supervisory entity who will control your government finances, so you don't make new deficits and new debt. So that was not the original one but... From 2010, that was the original swap. Autonomy vs. aid. It went downhill from there, right? So then you get in St. Maarten, you get Hurricane Irma, you get... So CFT was also applied to Aruba in 2016, I think. The then prime minister, Mike Eman went on a hunger strike because he didn't want to work. This is a remarkable fact in that dichotomy between aid and autonomy. But that AVP, the last four years MEP has been in power. And that is the party that I was just speaking about who drove the Status Aparte between 1970 and 1986, and they had their own... They were very vocal, they were always more anti Dutch and any case. Recently, because there's now new elections three or four weeks from now in Aruba. And they struggled now with Covid and they were at first very adamant against the COHO and then they accepted it anyway. And then St. Maarten was against COHO and then accepted it. And now we get Curaçao who is against COHO. They have a new government as well, Curaçao: Pisas. And he said: "I don't want COHO, I want the IMF to supervise. So it has come to the point that we prefer IMF over Holland. There is a first time for everything. So everybody was like: What? OK. Nobody wants the IMF, voluntarily, to interfere in their finances or have control. No, you don't want IMF anywhere near, as a developing country, generally. But anyway. So there is this continuous struggle in different forms, but actually along the spectrum of politics. Different shapes and forms. You have political parties who are more adamant or more vocal, but all parties have their own struggle with it. Some are more realistic, so they say we need the Dutch... And this goes for all the three CAS islands, but just in different mixes. So you have those who say, of course we don't like conditions, that we see that it's necessary and we actually want to work with the Dutch, but we are not very happy with the way in which they operate, but we do it anyway. On the other end is: the Dutch are neocolonial and racist, and we don't want that. Actually, we will still want your money though. To wrap it up, and that is very unfortunate... Much of the energy, governance energy goes in discussing the relationship to the kingdom. It takes away, it sucks all the oxygen out of the room, it takes away a lot of time and effort from the politicians. And for that matter, society in general. And the consequence is that less energy is devoted to finding answers to the questions that we earlier talked about. What industries are viable? What industries do we want to develop? And how? So the positive aspects, and also

tackling the problems that we have. So the positives and negatives of actually running your own country and solving your own problems. So if you do that first and then say: "Ok, we make a short list of the things we can do on their own." And then we take the list of the things we can't do on our own and then take them to Holland. No, we kind of wait for things to go wrong and then Holland to intervene, and then we struggle against Holland, and we still don't solve our own problems. So there is a little bit of puberty in there. So autonomy. If you really feel autonomous, then you would dedicate more to fixing the problems of the island. Then the autonomy drive would be more credible and more believable as well. Right. Because then it would be substantiated by an actual plan, for instance. But if that was the case, then Holland would also probably react more favorably, and say: "OK, you actually have a plan, this makes sense, you have this and this industry. Yes or no diversification. We have an actual plan. We want to build a harbor because we want to build a solar park covering half the island and export the energy." Just making this up. Anyway, if there was a plan then you have stuff to talk about in a positive way. And so that's why I'm talking about that it's more like leaning back and resisting, instead of moving forward and removing obstacles together. I'm mostly talking about the islands now, but the Dutch also have a long tradition of not understanding a thing about the island, so that doesn't help either. It goes both ways. And the attitude of the Dutch is also as diverse as the attitude of the islands and it's not characterized by a lot of insight and analysis. And so, they are also seen by many in Holland and also many in government as burdensome. We happen to have those islands, but we don't really know what to do with them and we don't necessarily always care either. So, that complaint also makes sense.

RL: And what are then the differences in terms of autonomy and their relations with the Netherlands, for the BES islands compared to the CAS islands?

AA: Yeah, so the BES islands, they have very little autonomy in fact. They consciously made this choice... Except St. Eustatius. they never made the choice. St. Eustatius actually voted for keeping the Netherlands Antilles.

RL: And they are alone it that then.

AA: Yeah, you can't keep the Netherlands Antilles on your own, if all the other islands vote for doing something different. So they kind of lumped in with... OK, St. Eustatius is too small

to make a country out of it like St. Maarten or Curaçao. So then we throw them in with Saba and Bonaire for no particular reason. So they just ended up there. And that shows that... St. Eustatius is very, very problematic island. So that actually stings because the St. Eustatius governments and politicians actually are in constant a fight with Holland. So, God knows what the solution is to that one. Saba, on the other hand, is perfectly happy. And Bonaire, feels culturally [More linked to the Dutch], overwhelmed by the Dutch immigrant population and with some reason now. They do have, of course, the cushion of social security that they traded the autonomy in for. They made the choice to give up a big chunk of autonomy and get getting governance and socio economic security in return.

RL: Okay. How would you describe the developments over the years, for the CAS islands in terms of welfare, living standards, and unemployment?

AA: Yeah, well, that is basically, what I said before, that is stagnant. So, per capita GDP, which is the most common standard for economic performance now has stagnated or gone down. Certainly on Curaçao more, and even on Aruba and probably also on St. Maarten. All those statistics in St. Maarten are always a challenge, but we can safely assume that it didn't go up. So that's just bad. So welfare/living standards also... Everything sliding down a little. Unemployment is a very difficult topic on the islands because it doesn't really exist as such. Well, of course unemployment exists, but it doesn't exist in the way we look at it in Holland for instance. The local population is not a fixed amount. So the population reacts to unemployment immediately. Meaning, you have the formal and informal economy, the informal economy is composed of illegal immigrants for a part. So if there's an employment because the economy goes down, then you see the population just disappearing from the island. So unemployed people come there to work, and they economically and socially and psychologically accept the fact that if there's no work, they will leave again and just go home. Right. So unemployment doesn't exist in the same way as we learn it from an economics textbook. Right. So there's no fixed amount of labor force. Or population in general.

RL: Also not for the permanent population?

AA: Yeah, that's the part that exists...

RL: So if I find data about it mostly about the permanent population?

AA: Yeah. Yeah. But it obscures most of it because the informal economy is not recorded. Now back to the difference between the islands. So the formal economy and the formal unemployment does exist significantly on Curaçao. Because of the reasons I mentioned before. Not so much on Aruba or St. Maarten. There, the local population always finds a job somewhere and the other people are squeezed out and then they fill in the jobs. Maybe they will accept a lesser job than they would want to. And suddenly if it goes bad, suddenly the immigration rules are tightened again, and illegal immigrants are rounded up and expelled. Then suddenly there is work for everybody here, so it's like 'communicerende vaten'. So they push out or attract or expel immigrants instead of having unemployment.

RL: Makes sense.

AA: Yeah it really works like that, very literally. And so after covid, the first reaction of the government is to tighten the immigration rules and round up illegals. Of which they know perfectly well where they are, where they live, what they do, where they work, absolutely. So it's not a question of not knowing, it is just, they condone it when it suits them. And if the economy goes bad, then you tighten the noose again. So of course there's unemployment, but it works differently. The mechanism is very different from what we know in European countries.

RL: So at first we talked about diversifying the economy, and why that is maybe not the solution. So what can you tell me about the vulnerability to exogenous shocks?

AA: Yeah, So traditionally, strangely enough, surprisingly as well, normal exogenous shocks until covid, which is a once in a lifetime shock that I think nobody could ever be prepared for ever at all. So you can't be invulnerable to that.

RL: An outlier?

AA: Yes, that's an outlier if there ever was one. But until that time, the funny thing about tourism is that it is really....

RL: *Connectivity issues*

AA: So I'm sending you my thesis. And one of the chapters is about exactly this and why tourism is not very vulnerable at all. So what you get right, for instance, if the economy... Your tourists are all Americans, right? For the sake of the argument. And the economy goes bad in the United States. Then it's not as if you get less tourists, you just get different ones. So those who could afford a vacation to Fiji now don't come to you in the Caribbean. Those at the bottom end who can't afford you anymore, they go on vacation to Disneyland in the United States itself. But the number of tourists you get and probably the money they spend is not so much different. You just get a different segment of the same population. You move demographically, you move a little along the axis. But your earnings are not so different. There is a price thing though. So overall prices of hotels will go down a bit, but that doesn't really mean much for your employment either. The same number of people still work in the hotels. And so for the economy of Aruba, or St. Maarten it doesn't make a huge difference, actually. It does make a difference. I mean, you get different people, they tip less they eat in cheaper restaurants, but it doesn't wreck your economy. And that is because you sell... And this is what people don't understand generally, because selling an end user product. Right, what makes countries vulnerable is that they sell stuff that is high up in supply chains. So raw materials or...

RL: So this is an end product?

AA: It is the end product, and you sell it to the end user directly. Which is completely different from most lower income countries who depend on exporting raw materials. Oil is very, very volatile... The closer you get to the final consumer, the more stable your income is. And that's what makes tourism such a... It's not that they do something very special, just the fact that you sell to the end user that makes you less vulnerable. Simple.

RL: So tourism in itself is a good sector for any small island?

AA: Yes, that's why it's a good industry to be in for a small island. Not because it's such a great industry or anything, but because you sell to the end user. And the only 'if' or 'but' is they have to be able to travel to you. So that's why Covid pulled the rug out from under that statement. I will have to wrap up now.

RL: Of course.

End interview

10.2 Interview II

Interviewee: Dr. Wil Hout (WH)

Interviewer: Raúl von Liebenstein (RL)

Date: Monday, May 10

Meeting place: Zoom call

RL: Could you state your name and what it is you do?

WH: Ok, I'm Wil Hout. I'm a professor of governance and international political economy at the International Institute of Social Studies of Erasmus University, Rotterdam, but we're based in The Hague. And I have been involved with Suriname for 18 years now. I must have visited twenty five times or so. I'm responsible for a training course there. The master in public administration or MBA, rather and Wouter [Veenendaal] is one of the lecturers on that course.

RL: And then my first question would be, how would you describe the economic developments of Suriname since 1975?

WH: Yeah, as a rocky road, I guess. With a lot of downturns and end periods. There's this economist at the University of Amsterdam, (Nico?) van Dijk, whom you might know. You might have encountered his name, but he's written about economic development of Suriname. The country has been characterized by a boom bust cycle because of its dependence on raw materials. So first, bauxite, of course, and more recently, gold, oil, and bauxite is stopped. And the very nature is that prices go up and that means an upturn in the economy. But then when they fall, then they end up in problems like in the last six years or so. So it's very problematic because of the lack of diversification of the economy. So even if there have been all kinds of lofty plans formulated by various governments, these have basically all failed to materialize. And the country is still very dependent. If you look at the current overviews,

Suriname is very dependent on raw materials. And in that sense, also, Caricom has not benefited very much. At least they have not been able to use... Caricom is a small market in any case. But even if it had been sort of a motor, it's hardly been used.

RL: How would you describe the main differences regarding economic development plans before and independence of Suriname, and afterwards?

WH: Actually I don't know that much about the period before independence. I know a little bit, but I guess it was very much driven by the resource extraction. And in that sense, not very different from after that period. But I would rather say don't make the distinction between after independence as if it were one period. I think it's really marked by this trends reflected in the different governments that they had. So, of course, there was the military coup and there was the military period, 80-87. And then there was the period of democratization, 87-96. And then suddenly into regnum of Wijdenbosch, which really meant quite a drastic change to the period before that. And then you had the 10 years of Venetiaan and the ten years of Bouterse. These are really much more important, I think in that whole period and particularly the last period. So you could actually say in 2000 Venetiaan managed to get the economy going again, if that's the correct word. And also they benefited from an increase of prices of minerals. But then basically in the 2010s, Bouterse completely screwed up. So they benefited from the first five years of high prices, particularly gold. And but after 2015 years, it was typical populism, basically. And a lot of bad decisions also. So I think that if you look at the midterm development plans that the governments formulate, and particularly the one of 2015 basically didn't work out at all. Because they started to spend on all kinds of different things and they took all these loans from China, for instance. I think the reports are that they took about two or two and a half billion in loans from China, and not much was disclosed about that. So I'm not sure whether there's actually that much known about the conditions of the loans, but it could well be that they basically gave all kinds of things as collateral. That I don't know. But I would say compare... The period before 1975, that was the period since the mid nineteen fifties, was a period in which Suriname was really more or less independent. So they were governed by the State and the governor. So the governor was technically, of course, responsible to the Dutch government. But I think for practical purposes, it was run more or less as an independent country. At least that's my perception. But as I say, I don't know too much about that. And of course, there was all kinds of funds coming from the Netherlands, to finance infrastructure, et cetera, et cetera. And that

stopped nineteen seventy five. And of course, it was replaced by development aid, but that's of a very different nature.

RL: You've talked about, in the last sentences about financial aid from Holland. Did that change after 1975, and how?

WH: Well, the agreement was that they would get something like four and a half billion guilders. I think so to two point two billion euros worth of development assistance. And a lot has been written about that. So there was this report written by Dirk Kuijt at some stage. He's now an emeritus professor at Utrecht and he wrote about the Dutch-Surinamese relationship. And it was clear that a lot of the money, a lot of the development funds were wasted. At least were not spent very well. I now forgot what your question was, but you said something about development assistance.

RL: The original question was about like the economic development plans.

WH: In that sense, a well-known phenomenon, also from the literature is that a development assistance can function in the same way as earnings from natural resources. I mean, it's a rent and it also leads to similar problems, sort of resource curse, but then in a different way. And one of the things that you saw in Suriname was that a lot of the money was actually not spent very well and was one of the main problems of the country. But you will definitely know that its government is so big and it's weak, but it's big. And so lots of funds are actually spent on non-profitable activities.

RL: So the government sector is in terms of jobs very big then?

WH: Yeah, the estimates differ a little bit. And last time that I looked at it's probably forty five percent or so. So it's huge.

RL: You already mentioned something about recent economic developments, but how would you describe it over the last decade or 20 years maybe?

WH: Yeah, that was hopeless in many respects. I think that in the Bouterse period you can divide it into two periods. And so there was a boom period and a bust period. So the boom

period was the period when they benefited from a lot of income indirectly from natural resources. Obviously, the natural resources are not owned by the government, but they get royalties, and let's call it royalties. I think technically or legally it is slightly different. And that's a massive source of income. So also the Staatsolie a company which is a homegrown oil company. Now, I published a couple of things on that, so you can look them up and if you want. That's widely cited to be the most efficient and effective company, well run in the country. But in the early 2010s, I don't know when the turning point. I think 2012, 2013, the oil prices went down. So that meant that also the government revenue from oil decreased quite considerably, but that was not compensated for by a reduction in spending. So spending continued and also the recruitment of new government staff as as patronage basically continued. So that meant that the deficits increased. And at some stage I forgot exactly when it was. But probably in the middle of the decade, there was also a negotiation with the IMF because of the economic problems. But they continued and as I said, and particularly in the second period Bouterse took out all these loans from China. In a small economy like that, it was only six hundred thousand people, in a small economy like that. Two and a half billion is quite, quite an amount. And it's difficult to say what it was spent on. And as a sign of that, there were all these scandals. For instance, there was in the early months of 2020, it was discovered that reserves... So there are a couple of banks in Suriname: Surinaamse Bank, and there is this current Caribbean bank? I'm not sure what the name is, but it's a bank based in Trinidad, and some others. They all hold reserves at the central bank. And then it was discovered in January, February last year, that actually the central bank had given the money to the government. So these were reserves of private holders, and so savings, investment or whatever. And so those were used to buy primary commodities, potatoes, onions, etc. So this was a complete grab of the government on the central bank, which normally is independent. And after that the governor of the Bank of Suriname, got jailed. But later it was also discovered that the minister of finance also had played a role. He was the previous governor, then minister of finance, and he left the country. So he's not there anymore. In that sense, it's all a mess.

RL: Then I will go to my next question. What kind of development can be seen over the years regarding welfare, and living standards, and unemployment?

WH: I think they're the mirror image of the economic developments. So, in a sense, welfare regulations are relatively poor. You can see it whenever you walk in the country. There's this

great disparity. There's great inequality. On the one hand, there are those kinds of people who have all kinds of opportunities and they are quite rich. You see big cars, big SUVs and all that. While, on the other hand the poorest have very little money. And fortunately, then they have their pieces of land so they can grow vegetables and all that for themselves. But the welfare, overall welfare situation is not great. Living standards. They've definitely gone down. I mean, if only because of the recent devaluation of the SRD, the Surinamese dollar. And so it lost, I think. Half of its value, and so it used to be something like seven to zero and now it's something like 50. So that means also that people can't simply afford. Inputs. So I haven't been there for a while, so of course, because of covid. So I haven't been able to see that. But from the news reports, I understand that supermarkets are not well supplied because they simply can't afford. Unemployment. Yeah, I guess it's gone up. I don't know the latest figures, but you should be able to get those figures relatively easily. I think. It's particularly, I would say, since the beginning of the downturn. So since twenty fifteen it's all become much worse.

RL: Is that than also linked to the different governments that are in place at the time?

WH: Yeah, definitely it contributes, but it's more the whole macroeconomic situation. If you are so dependent on so few resources and something happens to the price, then obviously you'd have to adjust. I mean, that is the natural consequence. So they don't have any other means. And if you look at all these economic development plans, what are they called multiple year development plans? Than you see all these kinds of things of growing eco-tourism, of using the markets in neighboring countries, etc. But actually most things have actually failed. And there are a few successful companies and Fernandes is one. You can even buy the cans of Fernandes drinks now here in the Netherlands. But, yeah, that's one of very few positive examples.

RL: And then how would you describe economic/political relations with the Netherlands over the years?

WH: Yeah, that's a good question. I think I visited the Dutch ambassador in Paramaribo in 2010 or so. And the year after he was dismissed by the Surinamese government. So since that time and until now, actually very recently, since last year, there was no diplomatic, official diplomatic relationship between the Netherlands and Suriname. So there was, I don't know

how that is called. a 'chargé d'affaires' or something like that. So there was no ambassador based in Suriname, which is telling for the relationship. And for the rest, what was left over from development assistance was stopped and was discontinued. I think they are now disbursing that, although it was not that whole pot, it was not much that was left maybe 50 million or something, 60 million. And politically, it was also bad, also because of the Bouterse trial, which always played out at the background. Bouterse tried to reorient to two neighboring countries, Venezuela, Brazil, but also that, for a variety of reasons, that didn't work. I think with Brazil it didn't work because of, what would Brazil need from Suriname? I mean, this is like David and Goliath. And Venezuela. That was simply wrong bet because of the collapse of the Chavez and Maduro government. So Suriname actually, and this is quite telling. There was an organization created by Maduro. So you have all kinds of regional organizations in Latin America. And Chavez, I think it was still Chavez actually, founded the UNASUR. So it's something like United blah blah of South America And that seemed in the first couple of years a relevant organization as a sort of a counterweight to the more neo liberal organizations like Mercosur, which is Brazil, Argentina, Uruguay, Paraguay, Chile. But also due to the collapse of Venezuela and the poor state there, this whole organization collapsed. So officially, I think now there are two members left, Venezuela and Suriname. If Surinam has not yet withdrawn. So it's also telling I mean, it's an anecdote, but it's also telling of the type of bet that Bouterse and his government made. And in this attempt to move away from the Netherlands, that failed also quite miserably. And what you see now is that Santokhi has renewed the relationship. So you see all kinds of signs that things are picking up again. And I think personally, a rather clever thing that they're aiming to do is to bank on the diaspora. Because they used to say, and it was clearly true in the 70s after independence, half of the population of Suriname is in the Netherlands. Now, that's no longer true, so the population there has grown. But it's still probably 40 percent of Surinamese, or people from Surinamese descent because most of them here have Dutch passports. But many of them are interested to do something in Surinam. And you see also here, I don't have figures, but the problem is... This is something that you can look up. Financial transactions, remittances is probably important. I know, for instance, one of the porters at our institute, she's Hindustani. So she is from somewhere in Suriname and I know that she sends over stuff to Suriname quite regularly. I have also myself served as a postman for her, for instance, for certain things that are not available there. And that happens with so many people. And I don't know whether there is a lot of money involved, but definitely also products. And I think that Santokhi is clearly attempting to revitalize that and to bring back the interest of the of the

diaspora. And I think that's a clever move because there's a lot of money here. There are many Surinamese who have become successful and not just the football players, but also others. And they had their reputation in 1970s, which was not very good. But nowadays they're sort of seen as the model migrants after 45 years. So in that sense, yeah.

RL: Then what can you tell me about the vulnerability of Suriname to exogenous shocks and its ability to recover from them and whether sovereignty plays a part in that?

WH: Yeah, I think I have already said that, so it's the basis of the economy makes Suriname extremely vulnerable and the ability to recover from those shocks is also limited. If you take the classical distinction and the Keohane and Nye distinction between sensitivity and vulnerability, and interdependence. Well Suriname is typically a case of vulnerability. I mean, they are so dependent on these few exports, and that's just simply not healthy. But since there is limited capacity, or, it's not only a matter of capacity, but also a willingness to invest in particular types of activities. It's progressing very, very slowly, I would say. So, as I said, I've been there over a long period, 18 years, not in the last couple of years. So I don't know about the latest downturn and the current situation, but (Good quote) I always used to walk around a little bit in the center and I think part of the of the pavement that was bad when I came there first in 2003, and now it's the same. So there is also in that sense, there is very little intention or capability to do something about it. And so that's only physical infrastructure. Of course, other things are more important, maybe, but also technological knowledge infrastructure is not picking up. So we, with our program, we are doing our best at a small scale to train people. And the institute that we're working with does the same. So I think over all of this period, there has definitely been an injection into the knowledge infrastructure. But also given the lack of entrepreneurial activity, I think that's not doing it very, very much good. And sovereignty. Yeah. I don't know, I don't think that has much to do with sovereignty. So, I mean, you could do sort of a mind the mind game and say, OK, what would have happened if Suriname had not been independent instead of looking, you know? I'm not so sure because I think the comparison with the islands is interesting. Also, people in Suriname actually say, we are very much connected to the Antilles, or to the Caribbean. And they are in that sense, although they are on the mainland. They are more Caribbean. In their outlook. In their orientation. I've heard so often that the situation in Curacao is so similar to Suriname also because of, maybe it's partly the history, but it's definitely also and that's sort Wouter's (Veenendaal) hang up. It's also to do with the way in which that political system has

developed and the small scale of it. And so it's sort of inescapable. And I think it's much more to do with that than with sovereignty. I don't think that's the key element here. I don't think so. Of course, there was the rhetoric. The rhetoric is different, but still.

RL: You mentioned that the economy is very reliant on one sector, the natural resources. Do you think there are any sectors that could in the future an opportunity for sure to increase its economic performance?.

WH: Well, of course, the sector that I know best is the oil sector, because I worked on that. This is sort of the potential effort, I think, for a variety of reasons. One is, and this is still continuing, it's improving in the sense that, they are diversifying. And so this is why I said this is a homegrown company. So they really started from sort of a zero base in 1980 and there was nothing. There was one guy: Eddy Jharap who was the head of the Geological Institute in Suriname. He had a training in Leiden: Geology and he knew that there was oil in Saramaca, so that's west from Paramaribo. And so he started to see whether there would be more. And so gradually they discovered more oil and they set up, really from the base up, an oil company. They trained their own people. They developed their own materials, they invested, reinvested, etc. So that's been a good example. But in more recent years, they've definitely been able to diversify. So they have now their own refinery. They've had it since almost 25 years.. But also there are different stages and now they're able to do more. So I think that that is definitely a potential and there could be some sort of petro-chemical industry.

RL: So it's more about diversification of that one sector instead of multiple sectors?

WH: Yeah, but that could of course, as you see so often, be a sort of a magnet because that could have spillovers to other sectors because supply is Staatsolie could then also come up and also make a living. But the second factor which is going to be important is that there are massive oil finds off the coast. So since January last year, there are four big oil finds off the coast. And of course, oil exploitation on sea is much more expensive than on land. So they also need foreign capital and they've got it. And there are a couple of investors, but that is expected to come online from 2025 onwards. So that's probably going to be quite a boost for the country. But of course, with this history and with this legacy, I would say the chances that this will be squandered are not to be overlooked. I mean, these are considerable risks for the

country. So where all of a sudden when the first discovery was made, and this is after 20 years of exploration, so the first discovery was made in January last year. And then immediately you saw in the media, are we going to be the new Dubai? And forgetting, of course, that you need a lot of conditions to be met if you want, indeed to become the new Dubai. So the whole governance structure, the whole institutional framework really has to be strengthened considerably. I don't know whether you follow developments in Mozambique, for instance, but it's a little bit similar in the sense that Mozambique also discovered major gas fields. So off the coast near Tanzania, where recently there was this hijacking. Maybe you've read something about. But, so in the north, they found these massive gas fields. But also they're building that whole institutional framework is also something that they can't handle. So you see it also going wrong there. And that might also be the future for Suriname if they're not careful.

RL: I have basically asked all my questions. So I would like to ask if there's anything else you would like to add that could be relevant to my research?

WH: I don't know, maybe if I think of something I'll get back to you. We didn't talk much about sovereignty, but I think the comparison that you're making with the islands is interesting in that sense. Well, they had more or less the same situation between 54 and 75. So they were both under the statute and in that sense then the situation was similar.

RL: * End interview*