EMPLOYMENT, INCOME AND ECONOMIC IDENTITY
IN THE U.S. VIRGIN ISLANDS

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The explosive tourism-led growth experienced by the U.S. Virgin Islands during the 1960s and early 1970s reflected the duality of the Virgin Islands' socioeconomic identity. Although growth was dependent on the U.S. economy and U.S. policies, it also reaffirmed the links the Virgin Islands had developed with the Eastern Caribbean labor market in spite of their unique history as a Danish and then an American colony. Relatively large scale inflows of Eastern Caribbean labor caused both general and relative wage effects, compression of the wage and income structures, and redistribution of income away from labor. Increased labor market segmentation exacerbated the inherent ambivalence of the Virgin Islands' Eastern Caribbean identity. The nature of the transformation of employment and income in the Virgin Islands undermined the benefits derived by the indigenous labor force and established the bases of subsequent socioeconomic conflict.

Because of their small size and unique history as a Danish colony from 1672 to 1917, and as an unincorporated territory of the United States since 1917, the United States Virgin Islands—St. Thomas, St. Croix, and St. John—have not often been examined by Caribbean scholars. Nevertheless, they have always been an integral economic and cultural component of the Eastern Caribbean region. Indeed, the post-Emancipation economic history of the Virgin Islands, particularly that of their rapid expansion during the 1960s “‘Development Decade’” and the early 1970s, clearly demonstrates the interdependence of these islands and their Eastern Caribbean neighbors. However, Virgin Islands economic history also reflects the central role of metropolitan policy and other exogenous determinants of the nature of Eastern Caribbean-Virgin
Islands interdependence and of local growth and development in general. It thus reveals the duality of the socioeconomic identity of the U.S. Virgin Islands and the ambivalence of their interaction with the Eastern Caribbean labor market.

By the mid nineteenth century, the Virgin Islands, especially the commercial economy of St. Thomas, had already become a relatively cosmopolitan and urban center among the small islands of the Eastern Caribbean. Inflows of labor from less developed traditional agricultural economies—especially Antigua, St. Kitts, Nevis, and the British Virgin Islands—were common. They reinforced the cultural as well as economic linkages that the Virgin Islands had developed with the wider Eastern Caribbean region in spite of their unique colonial affiliation. Migration had become a major livelihood strategy throughout the Caribbean, especially for the small islanders for whom local resources and opportunities were, and continue to be, most limited because of the combination of monoculture, ecological degradation of their islands, and closely held local economic resources.²

The Virgin Islands’ labor market was characterized by the usual patterns of post Emancipation coercion of “freed” labor including employers’ attempts to exploit the mobility of Eastern Caribbean labor. The commercial economy of St. Thomas more readily attracted foreign workers, but by recruiting agricultural workers, St. Croix sugar planters were also, in effect, attempting to approximate the type of labor market and growth process described by W.A. Lewis’s model of growth with “unlimited” supplies of labor.³ In such an economy, the extreme elasticity of the labor supply allows increased employment and production without increases in real wages or in the income share of labor. Nineteenth and early twentieth century labor imports were clearly intended to sabotage any such shift in power.

However, the commercial oligarchy of St. Thomas and St. John and the plantocracy of St. Croix were not the dynamic capitalists assumed in the Lewis model, nor was there sufficient foreign demand for traditional Virgin Islands exports of sugar and port services. There was no significant economic growth and Eastern Caribbean labor was not effectively exploited until new external conditions were established at the end of the 1950s.⁴

The manner in which Eastern Caribbean labor was employed, and indeed, the nature of Virgin Islands employment and economic growth in general, were largely determined by metropolitan policies, foreign de-