

WHAT PURPOSES FOR CARICOM INTEGRATION TODAY?*

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Arthur Lewis can be said to have been a child of the integration movement. Both his father and mother had migrated at the beginning of the twentieth century, from Antigua to St Lucia, where he was born. With the early death of his father he would not have had the opportunity to see relatives left behind. But it could be said that this background would have given him a natural curiosity about the islands in the geographical environment of his own, and his parents adopted, homeland. His very early writings all sought to deal with the West Indies (the British West Indies) as a whole, and he devoted, as is well known, a substantial portion of his life to writing about, and working in connection with, the possibilities for integration, or closer union, of these islands. His recommendations and activities concerning regional integration were dual – economic and political, and his exertions in that regard were directed both to the larger Anglophone Caribbean and to the smaller area encompassing today the OECS states – or the “Little Eight” as they were called in the 1960’s.

His disappointment about the failure of either of these groupings to evolve in the direction of political union was deep, as recorded in both his pamphlet The Agony of the Eight and in his Epilogue to Sir John Mordecai’s book, The West Indies: The Federal Negotiations¹. In the latter he pondered on the reasons for the failure to arrive at a satisfactory formula for a federal system acceptable to the contending parties involved, and in particular the leading personalities – Adams, Manley and Williams - and his conclusions are severe. He refers to what he describes as “a long list of avoidable errors”, and then asks the question:

“But how did these highly intelligent men, all devoted to federation, come to make so many errors in so short a period? Clearly the leadership of the federation was awful.”

He then goes on (and is worth quoting at some length):

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¹ Respectively published by Advocate Commercial Printery Barbados), 1965, and Allen & Unwin (London) 1968.

“This in itself was odd, since the three heads of government whose head-on collisions, despite their unquestioned allegiance to the cause, ultimately wrecked the Federation – Adams, Manley and Williams – were all men of the highest quality, on any definition of that word. Their talents were outstanding, and their education (all three had won scholarships to Oxford) the envy of mankind. They were men of immaculate integrity and selfless devotion to the public service. Each was at the top of his profession before entering public life, and gained neither prestige nor money from politics. Each would be recognized in any country in the world as a public servant of the highest caliber”.

Lewis goes on to attribute the failure first to a lack of understanding of “the nature of federation” as requiring arriving on a settlement which mandates cooperation for “limited purposes...Federation depends on a compromise among a number of group leaders none of whom is going to be subservient to the other”; and “unfortunately all three of this Federation’s leaders...were lacking in the spirit of compromise”.

He then suggests another reason for failure. This was, he says,

“lack of understanding of the principles of social intercourse between equals. Almost from the beginning they adopted a standard pattern for communicating with each other. This was based on ‘open diplomacy’, which in practice meant shouting at each other by press or by radio, or by issuing Ministry Papers or binding resolutions in their legislative assemblies before setting off to meet each other...This neglect of the elementary rules of diplomacy soon poisoned the personal relationships between the three men, and between them and the Federal leaders in the other islands, with the result that by the middle of 1961 the chief champions of Federation were hardly on speaking terms with each other. This type of political behaviour is one of the legacies of colonialism.”(pp. 457-58).

By this he meant that it was sometimes deemed necessary to speak harshly to the colonial masters to get one’s point across, but that this kind of behaviour was inappropriate in the new setting.

As one has listened to the verbal crossfire recently reverberating across the airwaves on the Economic Partnership Agreement, it is, I believe, wise at this time to remind ourselves of this analysis of Lewis, harsh as it may seem.

Lewis's last role in relation to Caribbean integration was his service as President of the Caribbean Development Bank, an institution designed to support the then-called "lesser developed countries" of CARIFTA and CARICOM, who felt that in the immediate futures of the integration system, they would not be in a position to benefit from the trade exchanges of the free trade area and customs union. Today we would say, in the jargon of the CARIFORUM-EU-EPA negotiations, that the LDC's desired to ensure that the integration regime contained a "development dimension" as a sine qua non of their participation and progress.

For integration, as an institution and a process, is essentially a bargain among the countries which establish it – a bargained arrangement designed to produce beneficial results over time, accepting that those results cannot necessarily be obtained by all simultaneously. The management of it requires a continuing cooperative consultation and assessment of the process as it proceeds, on the basis of particular rules of conduct, agreed and constitutionalised (put in Treaty form) beforehand. For human nature being what it is, the individuals cannot always be depended upon to observe the rules of their own accord, if they are momentarily going against them. And it is for this reason, too, that integration institutions – like all others – require sanctions regimes which the participating countries all agree to, even though acceptance of such sanctions may impinge on their autonomy or sovereignty. If these elementary principles are not adhered to, then the integration system cannot survive, as we saw, for example, in the mid-1980's, when with non-adherence to the regional trade payments system, the Caribbean Multilateral Facility (CMCF), the trading system ground almost to a halt. Intra-regional trade dropped dramatically during the period.²

CHANGING INTEGRATION POLICIES IN A CHANGING INTERNATIONAL ENVIRONMENT

The near-breakdown in the trading arrangements of the second half of the 1970's into the first half of the 1980's, itself in part a consequence of the

² See Mullerleile, Christoph, Caricom Integration – Progress and Hurdles (Kingston Publishers Limited) 1996, p.77

harsh recession affecting some of the major countries of Caricom, led to a certain breakdown of communication among governments. Active consultation was in fact only resumed after the death of Dr Eric Williams, with the Heads of Government meeting in 1984 in the Bahamas. That meeting produced in effect, a new philosophy and programme for furthering the integration process – ***the Nassau Understanding on Structural Adjustment and the Advancement of the Integration Movement***. This recognized the changed international economic environment which had evolved during the period of recession, which had affected not only the Caribbean but many of the large countries of the Hemisphere itself.

Going forward in time a little, we can sum this up by initially saying that the presumptions/assumptions and the rules underlying the integration arrangements, changed between the establishment of CARICOM in 1973 and the Heads of Government meeting which produced the Grande Anse Declaration of 1989, leading to the formal commitment to a Caribbean Single Market and Economy in 1992. Heads of Government had recognized that change in 1984.

The liberalization of the global economic order which had emerged as major countries like the United Kingdom and the United States pursued their own forms of structural adjustment (under Thatcher and Reagan), now essentially forced a change in the nature of economic integration systems in the industrialised world, and thus in our hemispheric and regional economic world.

For us this meant that the assumptions about economic growth and industrialization underpinning the creation of the Caribbean Common Market in 1973, and the methodology designed, were now foreclosed. Those assumptions indicated that growth and industrialization were to be partially assured by the creation of the Common External Tariff creating an inhibition to importation of industrialized goods under production within the Common Market, as a means of permitting the economies of scale which might ensure an appropriate market size and division of labour in the regional economy.

The arrangements of structural adjustment now virtually prohibited this type of regime. Integration into the international economy, and a search for competitiveness within it, was the new mantra – implying a reduction of tariffs in accordance with the reorganization of the General Agreement of Tariffs and Trade. It is no accident that in the forefront of adjustment to the

new regime, and thus the reduction of barriers to international trade was Jamaica which had made, by the beginning of the 1980's a full commitment to the structural adjustment programmes mandated by the World Bank and the IMF. Heads of Government meetings in 1992 confirmed this new orientation.

On the other hand however, it would be no surprise that the LDC's, now the OECS, governments were less than happy to proceed along the new path at the pace required. In addition to other considerations the brunt of regional recession had not fallen on them as yet, buttressed as they were by good banana exports under protection, combined with good tourism revenues in the group as a whole, and thus reasonable foreign exchange reserves held by the joint Central Bank; and in the second half of the 80's as recipients of post-Grenada 1983 assistance from the United States).

1992 produced the agreement to move towards a Single market and Economy adjusted to the new global economic rules. We can conclude here that the commitment, at that time, to domestic economic liberalization and economic openness of national economies, and thus to the new so-called "open regionalism" rules for economic integration systems, indicated a new set of assumptions on the part of our Governments in respect of the expected benefits of Caribbean regional economic integration. That conclusion had already been reached in neighbouring Latin America, and we can identify three aspects of it.

First, it was now understood that any integration system would have to respond to the requirements of the new emerging international economic order, which required that the rules for the integration system's conduct could not be set simply from within the system, but must conform to the rules of that international order. So we begin to see the loosening of the post-war commitment, first granted indeed to the European Economic Community, to accepting regional integration systems as entitled to exceptions to the normal rules of international trade. This had been indicated in the grant of a so-called GATT waiver to regional economic arrangements that would permit a certain degree of protection to them.

Secondly, we can also perceive at that time a loosening of the Caribbean commitment to regional economic integration as the path to "industrialisation of the British West Indies" to use the title of one of Arthur Lewis' works. In that work, Lewis saw customs union as an absolute prerequisite to effective

economic integration. Now, with the commitment to open economic regionalism, with the rules of the system subject to what was to become, in 1994 the World Trade Organisation Treaty, we can say that possibly with the exception of Trinidad and Tobago, the countries of the Community have subsequently given up the notion that integration could be a path to industrialization of their economies.

Putting it sharply, we can say that for most Caricom states in general, industrialization in the sense understood in, let us say 1973, is no longer an objective of economic policy in our Region. In effect, the commitment made in 1992 to reduce the common external tariff in line with international trading rules trends, and therefore to reject protection of the market at its size as a region, ruled out the possibilities for the economies of scale deemed to be required for industrialisation. We can also largely say that the Caribbean Single Market and the Single Economy are now perceived not so much as platforms for indigenous industrial development based first, on the availability of the regional market, but as an attraction or inducement for external investment in alternative forms of growth like tourism and services of various kinds, where, the relevant market is seen to extend beyond the geographical boundaries of the CSME itself. Here, not material resources like oil or bauxite, but largely human resources in a context of the availability of effective information communication (or computerization) systems and the ability to utilize them efficiently, are seen as the prerequisites to Caricom economic growth.

We emphasise the exception of Trinidad and Tobago here, but even in this case we can perceive an early, post 1980's decision in the case of this country, to seek to move beyond strictly Caricom boundaries and to induce or pressure Caricom to open the system to de facto linkage with our Central American neighbours and the Dominican Republic. The purpose of this was to ensure effective space of for its new industrialization thrust based on the exploitation of natural gas-based low cost energy and the possibility of development of natural gas industrial derivatives.

Trinidad and Tobago had indeed had its eyes opened to the issue of extension of the boundaries of Caricom early on in the mid-1970's when Jamaica, under Michael Manley with a concept of extended "economic regionalism" defined to include the basic core of countries that now constitute the Association of Caribbean States, proposed the establishment of a smelter industry, JAVAMEX, based on the energy and raw material

resources of Jamaica, Venezuela and Mexico. This was much to Eric Williams' disgust, the Prime Minister seeing it as a challenge to his alternative concept which would limit the establishment of a smelter to the resources of Jamaica, Guyana and Trinidad, and allow the establishment of an effective base for industrialization activities from within the Caribbean Common Market area. His response, made in 1975, was clear:

"...for five years I have tried, in my own small way, to give effect to the recommendations of West Indian intellectuals for vertical Caribbean integration of our natural resources on the basis of bauxite. I have found myself buffeted back and forth when it seemed that the long struggle might end in something tangible....One man can only take so much, and I have had enough. To smelt or not to smelt, no big thing, as there is no shortage of claims on our gas. I have decided to take no further part in the matter".³ (The Threat to the Caribbean Community, 15th June 1975).

Just over thirty years later, of course, the tables were turned when controversy developed over the availability of Trinidad's natural gas resources for a Jamaican effort to pursue an indigenous aluminium industry. And then, at about the same time, in the face of a new explosion of petroleum prices, Prime Minister Manning announced, in the face of some Caricom countries' (including Jamaica) turn to the Venezuelan Petrocaribe initiative, Trinidad could well find alternative avenues for the sale of its product⁴.

We shall return to the issue of countries' assessments of the appropriate economic size of the Region from the point of view of economic growth. But in relation to the issue of the virtual rejection of industrialization as a path to development we might look at a recent exposition on this matter by another former Prime Minister, Mr Edward Seaga of Jamaica, which leans towards a certain pessimism. Writing earlier this year, he compares the resources and policies of Jamaica with those of Trinidad and Tobago and comes to the conclusion that Jamaica cannot be, at this time, an effective competitor within the CSME with Trinidad. He notes that in terms of electricity rates, commercial lending rates, secondary education school-leaving rates and utility rates, the Trinidad position is superior. He then

³ The Threat to the Caribbean Community", 15th June 1975.

⁴ Prime Minister Patrick Manning, "In the Name of Development", Address at the Launch of the British Gas Trinidad and Tobago Energy Luncheon Meeting Series, Trinidad Guardian, 25th September 2006.

concludes that it is not surprising that “Jamaican exports to the CARICOM region as a whole, and Trinidad in particular, have shown virtually no movement, as a percentage of GDP” between 1973 and 2001; and that “the weakness of the Jamaican economy has prevented a re-tooling of the manufacturing sector, as was done in Trinidad, condemning Jamaican manufacturing counterparts to using obsolete equipment”.

Seaga then extends this lack of capability within Caricom, to Jamaica’s possibilities for exploiting wider markets, noting that the CBI, which he had been instrumental in instigating, brought little benefits, with only the 807 garment export programme being substantially beneficial – and “in this case” he observes “we provided neither equipment nor capital, only workers...”. He then, in looking at the EPA, concludes that the possibilities for Jamaica lie in agricultural production in the realm of exotica and in the possibilities for temporary managed migration to the EU, noting that we would, however, have to agree to reciprocal arrangements in respect of that. In sum his emphasis is on the lack of capability for effective participation in these systems, and little to promote, for, as he puts it, promotion “would have to follow production, since with little to sell, there would be little to promote.”⁵ This we might observe, being remarked after over fifty years since the initiation of the process of “industrialization by invitation” in Jamaica.

We can see that this pessimism, from a somewhat traditional critic of Caricom integration, implies, among other things a rejection of the Caricom economic space as far as the potential for Jamaica’s industrialization or economic growth is concerned, largely on grounds of competitiveness⁶. The comments are noteworthy however, from a contemporary point of view, in the context of the recent advice of the current Prime Minister of Jamaica that the creation of a common economic space would require a degree of political integration, and that “once you get there, we have to get off because we are under a [electoral] mandate that we are not going there”⁷. And we might say, to conclude this, that apart from Trinidad and Tobago, there is really no substantial discussion in the Caricom region today about the possibilities for industrialization in the sense understood at the time of the initiation of the Common Market.

⁵ Edward Seaga, “CBI, CSM & EPA: How do they rate”, *Jamaica Gleaner*, 3rd February 2008.

⁶ See also his “Caricom Sliding Out of the Future” *Jamaica Gleaner*, 31st December 2006

⁷ Prime Minister Bruce Golding, Quoted in Rickey Singh, “Losing speed on CSME – Questions after the Nassau Summit”, *Guyana Chronicle*, 16th March 2008.

What we can however, note is that the substantial inflow of capital into Trinidad, and the accumulation of foreign exchange reserves has meant an expansion of some Trinidadian capital into investments in other Caribbean countries – notably in cement for example; and even more importantly, that there has been a movement of Trinidad financial capital into traditional financial services like insurance and banking into the Region. In this sense, and in accordance with the revision of the Treaty of Chaguaramas, and even in some measure preceding this, financial and commercial integration has superseded industrial integration as the leading form of integration in our Region. Writing in this connection in 2003 on what he refers to as the “new” economic integration Farrell observes that:

“...a review of the provision of the 1973 CARICOM Treaty suggests that little of the evolving economic integration...can be specifically attributed to the provisions and strategies crafted in that Treaty. Those policies were focused on trade, and on resource and production integration. However the issues of tariffs, tariff reduction, rules of origin, Common External External Tariff, et cetera, do not seem to have been the important drivers of what is now evolving....most of what is happening is in the area of services rather than trade in goods. Even in the manufacturing area, the spread of cross-border integration is not so far resulting in much physical trade. Rather it is a case of producing in a particular country wholly or mainly for that particular market”⁸.

The third aspect of the transition to the open regionalism involvement in the changing international economy, relates to the issue of the relevance of the Caricom space, as defined by the original Treaty and the Revised Treaty of Chaguaramas, to effective participation in the new global order.

A reason for Eric Williams’ concern with the JAVAMEX and related proposals in which Jamaica had become involved in the second half of the 1970’s, was a difference he perceived in the definition of what we might call the “relevant regional space for integration purposes” between himself and Michael Manley at that time. Manley, as we have seen in his book, The Politics of Change published in 1974 (two years after he assumed office in Jamaica) had adverted to what he referred to as a Caribbean “economic

⁸ Trevor M.A. Farrell, “Caribbean Economic Integration: What is Happening Now; What Needs to be Done”, in Kenneth Hall & Denis Benn (eds), Caribbean Imperatives: Regional Governance and Integrated Development pp.177-205 at p.192

regionalism” which should encompass the Caribbean Basin countries, as well as the littoral states of Venezuela, Colombia and Mexico⁹. Williams the economic historian disagreed that this widened definition of the relevant arena for integration could be of relevance to us in the Antilles. In his speech in 1975 he refers to “Venezuela’s...belated recognition of its Caribbean identity”, and he refused to accept that the widened sphere could form the basis for a viable Caribbean regional integration as he understood the term “Caribbean”

Manley’s definition in part related to the very location of Jamaica, and in that connection we may recall Seaga’s argument in the 1960’s for the location of the Caribbean Development Bank in Jamaica – that Jamaica represented a more accessible point of entry into the Caribbean if we perceived Jamaica as existing not on the periphery of an Anglophone Caribbean but in the centre of the Caribbean Basin. But we might also add that Manley’s definition related to a conception of the Caribbean related to his, and his Party’s ideological stand – both Venezuela and Mexico being, at the time, under the governance of basically socialist or social democratic regimes. For this orientation coincided with the beginnings of Manley’s outreach into the hemispheric sphere to countries beginning to take a wider view of the Caribbean and Hemisphere’s role in the global relations of the Third World, and beyond strictly geopolitical definitions of the Caribbean of the Cold War. This orientation would have been confirmed by the explosion of commodity prices after 1973, that allowed Manley to align his regional economic and political diplomacy within the framework of the search for a New International Economic Order.¹⁰

Trinidad and Tobago in its diplomacy had not gone that far; and indeed to some extent was constrained by the fact that, for whatever reason, the country’s application to join the Organisation of Petroleum Countries (OPEC) had not been favourably considered.

But events, and the circumstances of recession of the late 70’s and 80’s in both the Caribbean and the wider Hemisphere, shortcircuited the discussion about relevant definitions, for either regional economic integration or wider political diplomacy purposes. And while we shall see a resumed policy

⁹ Howard University Press (1975), first published in 1974.

¹⁰ For some discussion of the orientation of Manley’s external policies in this regard see Vaughan A. Lewis, “Issues and Trends in Jamaican Foreign Policy 1972-1977” in Carl Stone and Aggrey Brown (eds), Perspectives on Jamaica in the 1970’s (Jamaica Publishing House 1981), pp.42-93

indication from Trinidad on this issue of the scope of integration at a later time, we need to note that it was an external impulse that brought this matter of the relevant definition of the Region to the fore again, an impulse that has continued to have salience down to the recent discussions on the CARIFORUM-EU Economic Partnership Agreement.

Indeed it was the combined circumstances of the European Community decision to proceed by 1992 to a Single Market and Economy, and the decision of the EC to widen its own geographical scope to include, in particular Spain and Portugal, that impacted on Caricom integration diplomacy. For it was partly as a consequence of these states' (and in particular Spain's) interest in adventuring, in terms of investment and general economic relations into the Spanish-speaking world of the Hemisphere including the Greater Antilles, that the European Community became inclined to raise the issue of grouping the Dominican Republic with Caricom in respect of the future of the EC-ACP Lome Convention arrangements, as the European Single Market was poised to come into existence.

This initiative reminded the leadership of the Caribbean Community of the longstanding indications of willingness (in the 1970's) of both the Dominican Republic and Haiti to join the Community – indications that were not particularly welcome within Caricom circles, and which we can say were, for an extended period, de facto rejected.

The EC's suggestion for a formal relationship was not particularly welcomed either. For one thing, the banana-producing countries of the OECS felt nervous of the possibility, as a new regime was being negotiated with the EC in the context of its own liberalization process, that the Dominican Republic could easily overwhelm them in the European market; and that no doubt with the consolidation of a new regime this race to the head of the banana export league would extend to the countries of Central and South America.

Suffice it to say, in this connection, two things in passing: one, that at this time Jamaica entrepreneurs had already extended themselves into the Hemispheric arena, by making investments in Costa Rica to complement the country's own exports of bananas to the United Kingdom; and secondly, to fast forward somewhat, today's situation is one in which, finding difficulties of production and maintenance of the British market, and in recognition of

the new EU access conditions, the Windward Islands have in fact come to agreement with the Dominican Republic on filling their quotas from that country's production, and assisting with transportation arrangements. Time has dealt with the problem; the orientation of rejection of association has turned full circle to an orientation of supplication, and we have had a de facto widening of the relevant economic space as far as banana production and exports are concerned.

In short, events were moving more quickly than Caricom thinking. And the transformation of the EC into the EU was accompanied by the decision to establish the Caribbean Forum to include the Dominican Republic and Haiti. It is Cariforum, and not simply Caricom, that is now the main operational link between our states and the European Union. The European Union is in process of establishing an Economic Partnership Agreement with the countries of the Central American Integration System, and the Dominican Republic has joined the Central American countries in the US-DR-CAFTA agreement passed by Congress and ratified by all the Central American member-states in spite of some internal resistance. From an operational point of view, there is unlikely to be any substantial difference between the Cariform EPA and an EU-Central America EPA. The same is likely to apply to any initiative that extends free trade area arrangements from the United States to Caricom.

As is known, these developments of the early 1990's, in terms of preferred regional orientation, have not been entirely unwelcome in the Caricom arena. In the mid-1990's both Jamaica and Trinidad took initiatives to join NAFTA, aware of the significance of Mexico's strategic decision to negotiate a free trade area arrangement with the United States and Canada. This kind of arrangement subordinates the participants to judicial litigation of disputes and to acceptance of adjudication as binding; something which has been difficult, at different times, for major Caricom countries to accept, most latterly in the context of the Caribbean Court of Justice.

Domestic American circumstances in relation to accepting additional members of NAFTA, inhibited the membership of the two major members of Caricom, and delayed a possible evolution and conclusion of the issue of the consequences for the Caricom economic integration system if such had been attained. Secondly, the apparent failure of the FTAA initiative, partly due to the strengthened hand of the larger South American countries, meant that its consequences for the institutional cohesion of Caricom have not been

put to the test. Caricom was not forced to think collectively about its location in the wider setting of reorganized Caribbean-wide integration relationships that was being induced from outside.

But whatever the outcome of those particular initiatives, it seems to me that their implications were already being read among the states of CARICOM, though with less enthusiasm by some than others. The protective diplomatic mantra of “deepening the integration system before widening it” has been thrown overboard. For in this period the issue of relevant boundaries or the geo-economic scope of the system was again brought to the fore by Trinidad and Tobago’s decision to seek to independently negotiate free trade area agreements with the Dominican Republic and Costa Rica.

Though these initiatives were subsequently brought within the scope of a Caricom-wide negotiation, they indicated a willingness, as in the case of the NAFTA decision, to proceed to seek accommodation with Hemispheric countries in relation to the liberalized and relatively non-protectionist environment within which Trinidad feels it necessary to ensure that it can trade, its new industrial commodities, or agro-industrial commodities which benefit from their competitiveness in terms of low-cost energy availability.

So, in one sense, what has been occurring is an attempt at “stretching” of the economic boundaries of the regional integration system, on the basis that it is in accord with contemporary process of globalization/liberalization operating in the Hemisphere; and that this is, over time, likely to enhance the welfare of the wider integration arena as a whole as it evolves. As I see this process, the Hemisphere is tending to become an important point, if not the relevant point of reference for Caricom countries.

We can then, go further to say that the implications of the discussion surrounding free trade area relationships with countries of the Greater Antilles and Central America, have relevance also for the evolution of Caricom’s relationship with Cuba. I have suggested on another occasion that our relationships with Cuba have been based substantially so far on what I refer to as “supplicatory arrangements” – arrangements in which we have sought to obtain benefits of one kind or another on a relatively concessionary basis and with little economic or other reciprocity

Looking down the road however, the economic evolution of that country is likely to place it fully within the trading relationships of the Hemisphere,

with opportunities for investments in Cuba beneficial to both that country and particular states or firms. Investors from Jamaica in the area of tourism perceived these possibilities early on, though they have been inhibited by the imposition of American legislation (Helms-Burton embargo legislation). The European Union, in particular Spain, and Canada have proceeded in this direction, having a greater degree of autonomy and protection in the international system; like the American farming community who have counter-leverage to the Federal government in the American political system itself.

But the point here is that as the Cuban economy evolves with a greater emphasis on market relations in particular spheres, a situation of further “stretching” of Caricom boundaries to include their space and Caricom’s in specific areas for effective scale purposes, will need to be contemplated by Caricom more directly. In one sense, Caricom has already proceeded to prepare for this with the Cooperation Agreements which it has signed with Cuba.

In the jargon of the academic analysis of integration systems, the willingness of some countries to accept the inclination of others to exclude themselves from particular arrangements pursued within the system, is the process known as “variable geometry”. Essentially this means that members of the system agree that some may proceed along paths that others may not be capable of, or willing, to go. Thus, within the European Union, it has been agreed to apply this principle of variable geometry to permit some countries to proceed with the establishment of the Euro, and to relatively unrestricted freedom of movement within the EU, while accepting that Britain and others can abstain from both of these arrangements.

But these arrangements apply within the EU, and not between the EU and third parties. The EC, and then the EU, made sure of this by binding member-states to observe all agreements in international trade in particular, once these have been negotiated by the European Commission. These *acquis*, or gains from that integration system are reduced to law, on the basis that the European Commission has been given the legal authority to sign such agreements on behalf of the collective called the European Union; and that there is subsequently an automaticity in the application of the agreements.

Can variable geometry apply to our Caricom area? Can we have a Single Economy in Caricom with Jamaica excluding itself? Some may say yes – to the extent, for example that the Bahamas is member of the Community without being a member of the Single Market, or intending to be a member of the Single Economy. But all the present members of the Common/Single Market are committed to rules relating to trade and investment (the so-called rights of establishment in particular) that are part of a bargain in which it is assumed that the acceptance of obligations implicit in the CSME will lead over time to a reasonable distribution of the gains from trade and production,

Thus, for example, Caricom countries have accepted that investments of nationals in one country can proceed on the basis that those nationals will receive the same treatment and rights as the nationals of the receiving country. They receive the “right of establishment”, a legal right disputable if necessary in the courts. On that basis, for example, Trinidad nationals are allowed to purchase companies, with full national rights of operation in other Caricom countries, this being particularly prevalent in recent times in the financial sector. And similarly, the OECS countries have agreed to open their markets to regional investment partly on the basis that there will be a “development dimension” to the Single Market and Economy arrangement – the Regional Development Fund. This latter agreement is, of course, not justiciable in the same manner as that concerning rights of establishment.

So as the CSME develops (although former Prime Minister Seaga sees it as “sliding back into the future”¹¹) all countries will have to agree on whether there are enough components in the Revised Treaty which have the potential for providing a reasonable return from the bargain in which they have entered. In doing so they will also have accepted that they will not necessarily benefit in all spheres simultaneously, this being dependent on the particular endowments or resources which a country, or even sub-region, has at any particular time; but that it will, over a period benefit in some sphere. But it seems to me that at the present time, in the context of both internal initiatives and external propulsions, particular country perceptions on the gains from current Caricom integration are blurred.

THE NEW INTERNATIONAL DISPENSATION AND THE REQUIREMENTS FOR ADJUSTING TO IT.

¹¹ See reference above

Indeed it appears to me to be the case, in observing current developments in Caricom, that what I will call the “bargaining basis” of the new CSME has not been sufficiently discussed among the participating governments. There seemed to be a number of suppressed concerns about relative present and future benefits, no adequate inter-governmental discussion having taken place in the course of the negotiations, and then up to the signing of the Revised Treaty on what might constitute the Single Economic Space over the medium term. And similarly also, that no adequate discussion appears to have taken place on the already perceptible divergences among countries in terms of the suitability of their resources for taking advantage of present and emerging trade and production possibilities within the Region. This has led to periodic disputes or outbursts about what has been, or not been, expected from participation in the operation of the system¹².

It therefore seems to me that the time has come for a deliberate and detailed audit or review of the present and projected directions of Caricom, and indeed Cariforum, economies, in the context of the newly designated single economic space, so that governments can have an objective and open discussion on the orientations of their economies, and therefore economic policies, as they influence and are influenced by, the integration system, and as new trends in international economic relations and rules have affected them. This audit should indicate the requirements of these economies in terms of their potential for achieving gains from participation in regional integration, and for their effective adherence to the system. For there seem to be too many muted reservations about potential imbalances in the gains from integration, reservations which then periodically break out into public dispute, to the dismay of the people of the Region.

Such an audit should really have been undertaken prior to the decision to proceed to the establishment of a Single Market and Economy. The assessment of Jamaica’s ability to participate in the integration system indicated by Seaga suggests, as we have seen, a lack of confidence in the country’s ability to make appropriate gains. And as we have seen, indeed long prior to this, the recession of the 1980’s had indicated to the smaller OECS countries of the system that the terms on which they had entered the Caribbean Common Market were no longer applicable. The original terms

¹² A dispute between the Governments of Jamaica and Trinidad and Tobago on a proposed sale of natural gas to Jamaica that would have facilitated the construction of an aluminium smelter in Jamaica brought this to the fore in 2007. See on this, and a possible role of Venezuela, Al Edwards, “Another interesting take on the CSME”, mimeo 30th March 2007`

had implied that as the More Developed Countries transited to higher levels of industrialization on the basis of the protected market, there would be a transfer of so-called light industrialization activities to the Less Developed states. This indeed had begun to happen particularly in respect, for example of the economy of Antigua as investment from Jamaica spread to that country; and in the cases of St Kitts and St Lucia which saw an increase in manufacturing activity.

With the combined effects of the recession and the liberalization of trade rules, this transfer process came to an end. Similar possibilities arising from participation in the CSME did not evolve as the MDC's sought the new promise of international competitiveness beyond the regional economic space. In that sense the gains from anticipated external investment in the LDC's, on the basis of the open regionalism of the CSME, have not been forthcoming; and no real assessment has been made of the scope for achieving such gains, except for the promise of the Regional Development Fund.

The establishment of the CSME presumed the identification of a common or single economic space. It would normally be expected that within that space the roles, and therefore requirements, of participating countries would have to be identified anew. A review of the types of infrastructure needed to make that space seamless over time to permit unhindered mobility of the factors of production would have to be undertaken; and in part this was initiated by the identification of needed legislation such as that pertaining to rights of establishment and to freedom of movement of factors of production, in particular labour and capital. The simultaneous existence of surplus capital in Trinidad and Tobago assisted the process of movement of capital regionally, this being enhanced by the revolution in information communication brought about by the computerization process. The unification of markets and communication systems would in turn give the Single Economic Space an identity in the international market. And where there was not a sufficiency of domestic (that is, regional capital), then provision would be made particularly in the case of weaker economies for alternative funding, as for example in the case of the Regional Development Fund – albeit a limited amount of funding.

The point of establishing, through a detailed audit, the requirements of participation in a common economic space can be illustrated from the perspective of the OECS countries. In this connection, I have argued

elsewhere prior to the negotiations for an Economic Partnership Agreement, in their case the basis of negotiation should have been, a joining of their concerns about the possibilities for their effective participation in the impending CSME to their concerns about the diminution of their market for agricultural (banana) exports in the European Union. These should then have been placed in the context of the Europeans' expressed indication in their Green Paper of the 1996 on a post-Lome relationship between the Caricom and the EU, that a central element in European assistance in the future should be support for the advancement of regional economic integration in developing countries.

This would require the sort of audit about national and regional economic objectives for the future, to which I have referred, and an assessment of the modes of infrastructural organization required to sustain common economic spaces as a basis for new, post-banana exports.-dominant economic regime.

For it can be argued that the mode of organization of the export of the Windward Islands bananas constituted a form of four-country economic space blending both government-sponsored and market-led arrangements and incentives. These involved a common transport regime, a common supply system for the allocation of inputs, a common insurance regime against natural disasters, supplemented in effect by the Europeans' Stabex system, a common export –transportation system and centralized purchasing and sale systems. But this space has, over the 1990's and beyond, been disrupted, and no longer forms a basis for effective economic growth in the medium term.

The point here is that in the era of liberalization we can no longer separate CSME-type integration and adjustment requirements from the global liberalization adjustment requirements faced by Caricom economies; but in seeking to make this dual adjustment, new structural (and infrastructural) adjustment priorities have to be agreed.

This applies as much to the OECS (though perhaps more so) as to the wider Caricom, as the participating states seek to make the adjustment from protectionist common external tariff-type integration through the process of structural adjustment, to the environment of open-economy adjustment under global liberalization. For we can see in retrospect that the emphasis in the period of 1980's structural adjustment placed its focus on stabilization, as distinct from stabilization-plus-adjustment directed towards finding bases

for new forms of economic activities. (And this is a partial explanation of Mr Seaga's statement that after these decades since structural adjustment, the human resource component required for Jamaican adaptation is not substantially different from the pre-1980's period).¹³

From my perspective, approaching the challenge of simultaneous domestic and international adjustment in this way, would in our negotiations with the European Union constitute the real meaning of the phrase "development dimension" alluded to prior to, and within the objectives of a new Economic Partnership Agreement. For in this regard the issues of size and scale remain germane to the issue of Caricom development, revolving around, for example, the following:

- (i) The need to elaborate the kinds of physical and other infrastructure arrangements that could underpin economic activities requiring to be based on effective trans-region transportation systems – this remains a substantial challenge to the Caribbean region, affecting not only the movement of goods, but the seamless movement of people as tourists from within and without.¹⁴
- (ii) The need to cope with the issue of arriving at cost effective regional energy system organized to serve several Caricom production spaces and markets simultaneously;
- (iii) The need to create cost-effective communication networks in this era of computerization as the basis of new national/regional economic activities ;
- (iv) The need to map out modes for effective and responsive human resource development systems, where skills can be made both complementary and standardized across the economic space;

¹³ Indeed Seaga, towards the end of the 1960's, seemed to have a certain sense of limits to further growth of the Jamaican economy without substantial continuing economic aid. In a speech to a meeting of the World Bank in 1968 he observed: "It is from this group [of what he called 'middle level countries'] that the quickest successes of aid graduates will come. By and large they have passed the halfway mark, yet they face a particular problem in that their needs always tend to be compared with the neediest, they are judged by the lowest common denominators in their wants...It is common place in the 'middle level' group of countries for them to experience a reduction of interest in their problems from quarters from which assistance might be expected". Quoted in my article at Note 9. Recently, nearly 40 years later, former World Bank President James Wolfenson has observed that "A third tier – a much larger number of economies, perhaps 50 in all – have experienced growth spurts, but also periods of decline or stagnation, especially once they hit middle income country status",. See Wolfenson, "The four circles of a changing world", International Herald Tribune, 4th June 2007.

¹⁴ See for some thinking on this at the official level, Memorandum on the Regional Air Transport Sector – Looking for a Better Way, Statement of Ministers of Tourism and International Transport of Member Countries of the Caribbean Tourism Organisation (WTO), 19th October 2007.

- (v) Advancing the process in train under CSME legislation for facilitating multinational ventures involving CSME stakeholders and others.

Fulfilling these requirements, over time, would in fact constitute one of the main purposes of Caribbean regional economic integration in the medium term.

The geopolitical diplomacy relating to proposals of this kind would involve activities required to persuade those who have non-sovereign jurisdictions in the Caribbean Basin – in particular the European Union itself - that the existence in the Region of differential legal jurisdictions, should not inhibit the creation of paths towards common economic spaces and seamless movement of the factors of production. This is an issue which relates to the OECS in particular, separated as they are by the European jurisdictions in the Eastern Caribbean. But as I have intimated earlier the evolution of economic and institutional inter-relationships among the countries of the Greater Antilles, pushed by Europe itself, indicates the relevance of this approach to the larger countries of Caricom. Our regional relations therefore also have the potential for being multi-tiered, this raising the issue of the cohesiveness of Caricom as an identifiable unit though with intensive linkages with other Antillean states¹⁵.

The pursuit of this approach is, in my view, the work of modern Caribbean regional diplomacy. Our experience of our involvement in development and trade diplomacy so far, suggests that this modern diplomacy would be premised on a detailed review by our Heads of Government of the recommended audit, and discussion of an agreement on proposals for approaching the objectives for the next era. For current indications seem to suggest that there is a lack of cohesive perspective on particular national economic objectives and their relationship to regional cooperative relationships in a number of spheres)¹⁶.

This approach would require a more harmonized and centralized diplomacy, diplomatic framework and diplomatic corps devoted not to all Caricom countries diplomatic activities, but limited to the economic integration and accompanying external negotiating priorities relating to Caricom and its

¹⁵ I have discussed the short term implications of this in “The Caribbean Community in a Changing Hemisphere”, Paper presented at the University of Havana, Cuba, 9th December 2007

¹⁶ In 2007 on issues relating to natural gas, air transportation and, over the years regional security, though the gap on this latter has narrowed, as discussed below.

wider regional spheres, and potential relationships and determined in stages and sequence. The approach would require the pursuit of close, or closer relationships with those considered as necessary allies in Europe and elsewhere, in a context too in which there is an ongoing elevation of the economic and political status of certain developing countries (including those of Latin America) leading to their increasing diplomatic leverage vis-à-vis the North Atlantic economies; and in a situation in which some of these countries are neighbours of Caricom and other Caribbean countries. We can refer to this as a “*new alliance diplomacy*” replacing our historic mode of “*dependence diplomacy*”, hinged largely to the United Kingdom as our interlocutor in international economic relations.

We need this harmonized alliance diplomacy, originally attempted in our first approaches to the Lome Convention negotiations of 1973, but which we were unable to continue in the Economic Partnership period. That previous “alliance diplomacy” allowed us to pursue our aims with some of the larger countries of the African continent which had a certain leverage vis-à-vis the developed (European) countries. The mode of organization of the recent EU-REPA negotiations, undertaken on the basis of segmentation of the ACP regions, removed those possibilities for us.

The conclusion to what we have been discussing here is that we can see three requirements appearing as we come to terms with the new international conditions: First that even as we sign the recently negotiated Economic Partnership Agreement with the European Union we need collectively to enter the reservation that there is a vacuum, and therefore unfinished business, pertaining to that Agreement in respect of our original understandings, first drawn from the original 1996 EU Green Paper that a part of the development dimension related to the consolidation of regional economic integration in our area, with financial support for what that would entail. (This would be of particular importance for the OECS countries). We should also indicate that we consider this an essential part of our understanding of the nature of reciprocity in the post-Lome/Cotonou era.

We would need to indicate further, that given the geopolitical character of our area, we would interpret this to include working, in the medium, towards a framework of necessary relationships with the European jurisdictions in the area; and further, that a similar framework of relationships with the countries of the Greater Antilles (Cariforum and non-Cariforum) each with different legal modalities would need to be consolidated over time. For

Cariforum as it stands today is a form, but not an effective operational instrument, for negotiating and consolidating integration relationships in the Caribbean.

The immensity of this task cannot but be impressed upon the European Union given its member-states' own now-fifty years experience of creating an operational cross-border integration system out of a multi-country, multi-cultural, multi-language, and multi-legal jurisdiction area (not, those senses, dissimilar from the Caribbean). So a medium-term, time delineated, and project based development dimension is needed, to ensure our structural cohesion as we are separated from the protected cohesion of the now past. And it is well accepted within the European Union that the economic advancement of countries like Spain, Portugal and Ireland could not have been achieved without this approach known, in the European Union, as the dimension of cohesion funding.

Secondly, it is within this context of cohesion with the Greater Antilles in particular, that we can see that the elements of this approach carry over into our relationships within the Hemisphere. We have tried the case, and a diplomacy, for achieving acceptance of our situation as countries requiring special and differential treatment as a consequence of our size. This has been largely unsuccessful, on the argument that the requirements of the World Trade Organisation negate it. A new period of collective alliance diplomacy is required in our Hemisphere, following the impasse over the Free Trade Area of the Americas, in order to prepare for the almost now inevitable offer of an FTA to Caricom following the conclusion of the US-DR-CAFTA.

It is often said that the US FTA's, even though negotiated in the case of Central America on a collective basis, are essentially hub-and-spoke relationships, with the potential for dissolving the network of horizontal regional integration relationships, and therefore limiting the possibilities for effective economic spaces. The important determinant of the practical veracity of this however, would be first, the degree of prior cohesive agreement on the Caricom side on the detail of the requirements for further consolidation of the economic space in specific spheres; and secondly, a diplomatic agenda that consolidates alliances with particular countries identified as likely to be willing and able to support our diplomacy in the Hemisphere as a whole, including access for resources from the Inter-American Development Bank. This is already an inescapable reality for countries like Guyana and Belize, given their specific locations. But it

also gives these countries a capability to advance the regional agenda, in concert with regional alliance diplomacy, once regional countries' perspectives retain their cohesiveness. For small countries, as the experience of the island of Singapore has demonstrated, the creation of formal or informal systemic spaces in their geographic environment is a sine qua non of survival. And in that context, the substantive issue is the mode of their regulation in consonance with relevant partners, and their operation on the basis of accepted cross-country legal obligations.

From this perspective, operational sovereignty, then becomes not a question of ideology or of inner-directed nationalism, but the ability to ensure, in a world integrated in various ways, that in the absence of the possibilities for acting as “a small state alone”, collective autonomy in linkage with others produces the returns sought. The successes of Caricom states in international diplomacy have tended to result from a strict regional cohesion among themselves, as a basis for creating positive alliances further afield, in respect of specific negotiation objectives. We have alluded to our experiences towards agreement on the first Lome Convention; Jamaica's diplomatic successes in the Law of the Sea negotiations are an example of this.

These requirements really constitute the case for institutionalised regional consolidation at this time and for the future confronting the Region. The case does not simply lie in the traditional sphere of meeting obligations within the single market. Increasingly it is based on an understanding of the fact that external impulses are driving the terms on which we are able to pursue both adjustment and development, as the environments in which we have operated, and those with which we are coming into contact in the era of liberalization limit the viability of the forms of the relationships that we have had; and in turn affect those we are trying to construct.

The observation that for the Caribbean “domestic policy is foreign policy, and foreign policy is domestic policy¹⁷” is now perhaps more well understood today as the old protectionist systems and the later multinational corporation systems encompassing some of our countries, give way to more flexible forms of international investment, which then play a significant role in the evolution of our domestic economic systems. But really, this is a new

¹⁷ See Vaughan A. Lewis, “The Commonwealth Caribbean” in Christopher Clapham (ed), Foreign Policy Making in Developing States (West Mead, Saxon House, 1977).

phenomenon for some countries of the globe, but not so much for Caribbean states, historical creations and subsystems of the old and new mercantilism.

I round off this section therefore by concluding that *another new purpose of contemporary regional integration* is to ensure the cohesion of external strategies necessary at this time to consolidate new economic spaces and alliances beyond present Caricom boundaries, to ensure appropriate medium-term competitiveness. To that end I have recommended what we might call a regional multilateralism, based on an institutionally renewed Caricom, as the basis of ensuring the objectives of a CSME. In this three processes are involved:

(i) “a multilateralisation of decision-making is required of CARICOM in its external economic relations in the post-WTO environment;

(ii) this is because there is “the necessity, in the era of open regionalism to focus on, and to arrange the common market space less as an arena of intra-regional trade fostered by state initiative, instruments and investments (under protection) and more as an economic platform emphasizing free movement of the factors of production, and facilitating full rights of establishment for regional and foreign investment and related economic activities;

(iii) that in response to largely external process at this time, the boundaries of the common or single market are increasingly fluid and changeable as the Community feels constrained to increase its economic size and diplomatic weight in wider hemispheric and international economic systems affecting it. This will, as time goes on, likely imply a *multi-tiered Caribbean Community* encompassing an identifiable Caricom, with some degree of variable geometry. The Cariforum is one such example of the multi-tiered system, though engineered from outside and therefore requiring a Caribbean agenda towards indigenization.

(iv) that such complex systems cannot survive unless they are subject to regulatory systems agreed to on the basis of consent, in respect of particular spheres, and susceptible to legal adjudication regulated by legitimated personnel and accepted as a part of our sovereign arrangements in an interdependent world

THE RESURRECTION OF THE CASE FOR COOPERATIVE REGIONAL SECURITY

A final word relates to what we can call the Caricom's resurrection of the sense of the need for cooperative regional security arrangements.

Arthur Lewis, in his early writing on theme of federation, asserted that the main objective of this form of integration was not really to assure the economic viability of the participating entities, but to ensure what used to be called "good government" for the citizens. Today we stretch government to include "governance". Good government, from his perspective would mean the arrangement of a form of political rule that reduced the possibilities of oppression and personal political domination, and in particular favouritism, all of which were likely to be the case in small jurisdictions with small populations. Small jurisdictions too were unlikely to be capable of sustaining the kind of division of labour which effective administration required. All this followed the general lines of Britain's requirements for the grant of independence for her colonies.

Effective political rule also meant the ability to maintain the security of the citizens, and protection of the boundaries of the state from unwanted intrusion. This followed the line of the requirements for recognition of a territorial entity as a sovereign state.

Most of these pre-conditions for sovereign status, or independence broke down towards the end of the 1960's, a process sanctified by the United Nations 1960 Declaration on Colonialism, and the assertion by that institution's Committee of 24 that small size and small populations could not constitute a prima facie argument against, and could no longer be seen as impediments to, self-government.

In the post-Second World War period of legitimation of the right of self government for colonial peoples, a particular concern of the British Government was the ability of a territory to ensure its security – what today we would refer to as national security. This concern was reinforced with an increasing NATO pre-occupation with Soviet intrusion into areas considered to be the preserve of the Western powers, a concern exacerbated by the increasing severity of the Cold War competition, and the United States pre-occupation with this. The harsh resistance of the Kennedy Administration, in the first few years of the 1960's, to any grant of independence to British

Guiana lay precisely in the Americans' belief that what they considered the Marxist administration of then Premier Cheddi Jagan would not be able, or willing, to preserve the country from the influence and intrusion of the Soviet bloc.

It was in this kind of atmosphere, prevailing into the period of the 1970's and 1980's, that the smaller countries of the Eastern Caribbean attained independence after the demise of the various attempts at federation; and in which by the middle of 1981, the countries of the Eastern Caribbean, in deciding to coalesce under the Organisation of the Eastern Caribbean States, decided also to include in the institution's arrangements provision for a separate Ministerial Committee on Defence in addition to that on Foreign Affairs. This was not a provision that had been made in the case of the establishment of the Caribbean Community. The presumption would have been in that case that the independent, larger countries could make their own provisions for defence and security, or would have the ability to negotiate for them as necessary. This therefore, was a difference of perception between the smaller and larger territories of the Region.

By the end of 1982, a decision was made by the OECS states, but now with Barbados which already had a standing army, to add another dimension to the institutional arrangements for defence by the creation of a Regional Security System for the area. This would include provision for security not only in the narrow military sense of that term; but also for protection of the countries from the movement of narcotics and for recovery arrangements in the event of natural disasters and environmental damage.

Notable about this new system was the exclusion of Grenada, then under the People's Revolutionary Government, both from the decision-making regarding it, and from membership. The influence of Cold War considerations in the construction of the RSS was evident. President Carter's National Security Adviser, Brezezinski had already, towards the end of the 1970's, defined a group of countries stretching from Nicaragua in Central America to Guyana in South America, and including Cuba, Jamaica and Grenada as an "arc of instability" in the Caribbean Basin.

So it can fairly be surmised that the establishment of this institution was viewed by some of the larger Caricom countries as "American influenced", and not suitable for linkage with - an attitude reinforced by the United

States' participation, with the RSS as in part a legitimating agent, in the intervention in Grenada that took place in October 1983.

Yet, my own view was, and remains, that Cold War considerations being indeed present, there was existing at the time a genuine sense of the fragility of the states. This meant a need to comprehend that the preservation of the security of the entities could not be handled on an autonomous basis; and secondly, that looking down the road, there was also the necessity not simply for surveillance of the Eastern Caribbean arena, but also what can be called the "southern flank" of the Caribbean reaching down to Trinidad. On the other hand, however, it can be argued that such a possibility was not to be welcomed by Trinidad itself, which under Dr Williams while taking a somewhat hostile stance towards the Grenadian People's Revolutionary Government, had held strongly to his longstanding advocacy of a policy of "non-intervention", and of the view that regional problems should, in the first instance, be handled regionally.

There had, however, been a change among the larger states of the Region with regard to United States concerns about security in the region spurred by the establishment of the PRG, with the change of government in Jamaica in the north at the beginning of the 1980's – the new government under Mr Seaga participating in the intervention when it occurred.

In the years that followed, the general Caricom aloofness to an Eastern Caribbean RSS-type security arrangement can be seen to have continued in the lack of follow-up action in regard to a decision taken by Caricom Heads of Government, immediately after the 1990 attempted coup in Trinidad, to seek to create a system for regional security that would encompass the region as a whole

What however is of concern in this analysis is to recognize a certain evolution in the position of Trinidad and Tobago on the southern flank, as the decade of the 80's slid into the post-Cold War decade of the 1990's. This change was marked by the decision of the Government of Trinidad and Tobago to sign, in 1996, the so-called Shiprider Agreement along with the countries of the OECS, but in the face of the hostility of Jamaica (now returned to PNP Government) and Barbados; though these states subsequently signed a revised version of that Agreement in mid-1997 when Caricom Governments met with President Clinton in Barbados.

The argument against signature was that the agreement represented an intrusion on the sovereignty of the Caribbean states. Nonetheless what was important was the change of attitude and policy of Trinidad on the issue of a legitimate American presence in the security arrangements of Caribbean countries. I posit in that regard, that its decision marked an evolution of the thinking of that country (now under the Panday administration) on the importance of security in relation to external investment. This seemed to mark the beginning of a period in which, in concert with the country's decision to pursue the line of structural adjustment and economic openness, it was also concluded that in addition to the necessity to inhibit the movement of narcotics from South America, it was also now necessary to accommodate as a prerequisite to continuing investment inflows, the institutional implications of the United States increasing preoccupation with the side-effects of the narcotics trade, namely money-laundering and tax evasion.

Looked at in this way, the issue is an increasing concern with the nexus between national economy, investment and security; and from a United States perspective, the nexus between on the one hand, the commitment of Caribbean countries to open economic regionalism, adherence to some form of Hemispheric integration as evidenced in the desire in 1995 of both Trinidad and Jamaica to join NAFTA for reasons of market access and inward investment; and on the other hand, security surveillance organized on a region-wide basis. The regional arrangements can be seen as segmented in a certain sense – relating to (i) the Northern Caribbean, including the agreements between Cuba and the United States in respect of the movement of narcotics in that area; (ii) the east-southern Caribbean arena including Trinidad & Tobago; and the southern continental flank including Guyana and Suriname, and also involving Trinidad.

Caricom accordance with this perspective has, it appears, deepened with the United States emphasis on the security threat from terrorist operations in the post 9/11 period, and the extent of the security arrangements required. The intensity of the arrangements made for the Cricket World Cup programme is, in my view, indicative of this. But it can, on the other hand be argued, that a potential for conflict can arise between the necessity for security, and the evolution of burdensome arrangements arising therefrom, in relation to the facilitation of the movement of ordinary Caribbean citizens, at a time when the liberalization of the movement of all the factors relating to

enhancing economic activity is a prime objective of the Caricom integration system.

In summary, however, we can see the present position in respect of changing attitudes to security in the regional integration system in the context of wider Hemispheric arrangements including, in particular, the United States represented in remarks made by the Prime Minister of Trinidad & Tobago in September 2007 in indicating the available capabilities of the country:

The security that will be provided will not be for us alone or for the Caribbean countries. It is as much the security of the USA as it is the security of the Caribbean”¹⁸.

Recently held regional meetings confirm the consolidation of this position.¹⁹ For one thing, the extreme openness to penetration of the boundaries of the Caricom states of South America reinforces United States involvement, when coupled with the United States’ interest in the location of Trinidad as an intermediary in the pursuit of individuals involved in narcotics activities. It also would invoke a complementary interest of neighbouring South American states.

The complexity of these arrangements and potential arrangements indicates *another contemporary purpose of Caricom regional integration*: the design and evolution of multi-tiered relations with neighbouring states in relation to contemporary security concerns, while maintaining the reality of a degree of autonomy in a situation of unequal capabilities.

IN CONCLUSION

From the point of view of the positioning of Caricom countries in international economic relations, the world in which Arthur Lewis lived was one which can be characterized in terms of the countries’ experiences as petitioners or supplicants in search of relations that could sustain viability. This diplomacy of petitioning was largely done within institutionalized economic frameworks organized by dominant states or multinational

¹⁸ In his speech, “In the Name of Development” referred to above; see also “Manning wants regional security plan”, www.bbc.co.uk/caribbean/news/story/2007/06/printable/070613_manningsecurity.shtml

¹⁹ See Caricom Secretariat, Statement Issued by the Conference of Heads of Government of the Caribbean Community at its Thirteenth Special Meeting, 4-5 April 2008 in Trinidad & Tobago.

corporations, and characterized by a certain degree of stability. The countries' international diplomacy tended to be conducted within those frameworks, an important element of which was the Commonwealth, then Lomé Convention arrangements. These external relations, particularly the state-dominated ones, also supported efforts at regional integration, the Lomé agreements for example facilitating joint approaches to international negotiation.

Arthur Lewis died during the period of the dissolution of the socialist bloc and of the USSR, and as the wave of economic liberalization began to dominate both developing countries' domestic and external policies, the structure of international trading transactions began to change, and there began to be perceived the emergence of new economic powers in the developing world.

The resistance of the United States and its allies to attempts by the European Union to retain quasi-traditional modes of protection for itself and for its ex-colonies, and thus privileged spheres of economic influence, has been persistent. So has its complementary insistence that in international economic institutions, in particular the WTO, legal equality of states must be matched substantially by the operational equality of all states. These have brought the old regime to an end.

As Caricom countries have experienced the extent to which the regional integration arrangements to which they committed themselves in 1973, have been changed by such external influences, they have seen the purposes of integration evolve from mere protected regional interchange as an important basis of economic advancement, to the need for active attempts to ensure the construction and stabilization of new integration arrangements in the context of so-called open economic regionalism. A temptation in this new environment is to seek to evade traditional integration system boundaries, seen as limiting the optimal sphere for economic activities. Yet, even the larger states of the world seem to accept that the influences of globalization require reinforcement of processes of regionalization. That is the meaning, for the United States, of the FTAA initiative.

The issue for Caricom at the present time is whether individual countries may perceive it as necessary or possible at particular times, and in the context of changing external environments, to seek to move beyond the boundaries of their traditional regional arrangements in pursuit of specific

gains – as would appear to have been the case of both Jamaica and Trinidad on different occasions. Or whether on the other hand perceptions of the need for a certain stability of the regional environment, however defined or redefined, is seen as an important aspect of their very ability to venture beyond these boundaries.

A further consideration arising is the extent to which both the new domestic (regional) and external environments require deliberate institutional changes at the regional level, permitting confidence on both sides of the ability to bind commitments.

The existence of Arthur Lewis in university settings for the preponderance of his life, and the nature of his writing, remind us that this setting permits a frankness of expression not really permitted in the realm of diplomacy or in the context of the need to ensure the continuing sense of mutual respect normally involved in the intercourse of heads of state and government. This is the University's continuing contribution.

As in the period of Federation which Lewis actively witnessed, the contemporary regional integration issues among countries, based on sometimes differing perceptions of what the national traffic can bear, induce a certain intensity of debate. Arthur Lewis, in his writings on politics, stressed temperance and compromise as necessary ingredients in relations among political equals.

I have suggested in this lecture that the region is now due for a more deliberate and open discussion, initiated at the level of Heads of Government, of new purposes of integration in the new environment which has come upon our countries and which I have sought to outline. Because of the lack of continuing discussion of the new perspectives, priorities and needs, the public is often bemused when disputes suddenly flare up among countries and leaders.

A complementary discussion would also be required of the new institutional arrangements that governments would need to pursue the new purposes. This latter remains, however, half concluded work.

All this is required to take place at a time when, unlike the period of 1973 and the commitment to the Treaty of Chaguaramas, the national realities are

of differing levels of attributes and assets possessed or available to the particular states, and therefore of differing senses of strengths and weaknesses governing the options that they have at their disposal. The muted debate about this or that country's attraction to Petrocaribe, or to the Bolivarian Alternative (ALBA), to the perceived detriment of existing regional commitments, is simply about that.

The advice of Arthur Lewis as academic, and as intervener in public affairs at the highest level of our states, referred to at the beginning of this lecture, and read as being passed down to the successors of the Federal leaders, should serve us well in this endeavour.

I thank you.

15th April 2007.