



EDITORIAL

Editorial: The Caribbean Amidst New Regional and Global Dynamics

Matthew Louis Bishop

*Institute of International Relations
University of the West Indies*

It is often remarked that Caribbean regionalism is in an acute state of crisis. Recent developments, not least the lack of purposeful forward momentum in the Caribbean Single Market and Economy (CSME) which has been officially 'paused' since 2011, only give credence to such pessimistic assessments. Yet the perception of crisis is not new: since the 1980s, observers of integration in general – and the Caribbean Community (CARICOM) in particular – have continually warned that the region is facing its gravest situation yet.¹ Consequently, if we recognise that, rather than progress, it is actually an all-pervading sense of crisis that has characterised the regional integration movement for decades now, we should perhaps begin to consider this the norm, rather than the exception, and progress as something that is, by contrast, actually extraordinary. By doing so, we might also have to dramatically temper our expectations regarding the limits of the possible.

However, if we lower our horizon of hope in this way, two problems become immediately and abundantly obvious.

Firstly, we do far too much to let political actors – politicians, regional technocrats, civil society groups, the business elite, academics and commentators, even ourselves as interested individuals – off the proverbial hook. Things do not simply happen according to an unavoidable, impersonal, celestial logic, and the CSME did not pause itself. Passive sentences that are written and spoken without subjects consciously elide agency, and they serve only to obscure deeply political choices made by often-powerful

actors. The disappointing progress in regional integration is not something that has occurred of its own volition. It is the product of a series of choices made by leaders themselves, and the social forces – to use Robert Cox’s term – latent within Caribbean society that have, for whatever reason, not held them fully to account.² Regardless of the wisdom of the policy responses that are guiding contemporary regionalism – you may, of course, think that narrowing the ambition of CARICOM or the CSME is actually an appropriate agenda for action – we cannot escape this fact. We get the regional integration that we deserve, and I say this as a British national living in the Caribbean who is perplexed by the self-defeating public discourse that prevails in both: some of the everyday debate in the United Kingdom (UK) regarding the European Union (EU) is just as misinformed and misguided as much of that pertaining to CARICOM. So, if a narrow-minded, and, as Owen Arthur points out later in this issue, totally unfounded, fear of other Caribbean people – which, in the United Kingdom, can be similarly read as Poles, Bulgarians and Romanians – coming to supposedly steal our jobs frightens politicians into abandoning plans to help people move freely around their own region, then we all have to take the blame for that. One positive conclusion that flows from this, though, is that the opposite is also true: if we really believe in the power of coming together to lift the opportunities of all, then we can fight for it by informing ourselves, shaping public discussion, and compelling our politicians to serve a greater good than simply safeguarding their electoral interests via an appeal to the lowest common denominator of opinion within society.

Secondly, if we accept sustained crisis as something that is inevitable, and therefore lower our panorama of expectancy accordingly, we also become fully complicit in undermining the integration process itself. Put another way, if we believe that things are not going to get better, and conduct our work as thinkers and doers in ways that are underpinned by an essentially negative set of expectations, there is no way that things will get better. Without hope and optimism, belief – which is already in short supply – will be sucked relentlessly from the process. Crisis will increasingly develop its own momentum, and the decline of Caribbean regionalism, which plenty among us feel is increasingly of an existential nature, will become a truly self-fulfilling prophecy. Yet if we remain hopeful, and conduct our business with a demeanour of anticipation and ambition, we at least leave the door open to positive change occurring. As has sometimes been the case in the

past – such as in 1973, when CARICOM came into being, or at Rose Hall in 2003, which was the last time leaders chose to take a brave, but sadly still unrealised, leap forward – the right confluence of committed, forward-thinking incumbent Prime Ministers and Presidents, along with the right mix of ideas presented by the region's most competent intellectuals and technocrats, may well present themselves again and lead to positive change.³ Nothing is guaranteed, of course. But progress is a train that can only run on tracks which are themselves constructed upon a meaningful and genuinely *progressive* vision of the future.

WHITHER CARICOM?

Although claims about the Caribbean regional project being in crisis are not at all new, there is something very different about the contemporary era in which these travails are playing out. Whether or not we subscribe to the more pessimistic analyses regarding where CARICOM and the CSME appear to be heading, the sense is that, in contrast to the 1980s or 1990s, time really is running out to institutionalise an ambitious regional settlement that lives up to its potential. Indeed, for some, it may even be too late. As PJ Patterson, one of the heroes of Rose Hall put it recently in this journal, 'some decisive steps are urgently required to rescue CARICOM, or else life support may come too late to prevent coma'.⁴

Intellectually, the crucial point to note is that, in contrast to previous eras, the evolution of integration processes may no longer be in the hands of Caribbean actors themselves. This is, broadly speaking, a function of dramatic changes in the international context in which our states, societies, economies and regional institutions are, for better or worse, unavoidably enmeshed. I recently published a book chapter – in a collection edited by Andy Knight and Hamid Ghany of The UWI, and which is advertised, appropriately given the subject matter, at the front of the hard copy version of this issue of the journal – where I sought to outline some of the contours of this challenge.⁵ Forgive me for taking the liberty of rehearsing the argument briefly here.

The past decade or so has witnessed change occurring at a blistering pace in the Global Political Economy (GPE). In just a few years, China has emerged to take its place at the top table of world affairs, and this is just the most obvious element of the remarkable shift in economic power to the 'East' that is underway. By contrast, much of the 'West' in general, and the EU in particular, is beset by

an enduring crisis which potentially has years yet to run. Even as the ill-fated Doha Round of trade negotiations at the World Trade Organization (WTO) has now effectively collapsed, we have seen negotiations commence outside of the body's purview regarding the establishment of a number of mooted mega-trading blocs which are 'WTO-plus' in character.⁶ This is something that is further reflected in the EU's supposed 'developmental' diplomacy – meaning its approach to the African, Caribbean and Pacific (ACP) countries – which is today as ruthless and doctrinaire as its 'commercial' diplomacy with considerably more powerful states; as Tony Heron and Gabriel Siles-Brügge have argued, the two are inter-twined to such an extent that they are now essentially indistinguishable.⁷ Hemispherically, the Caribbean finds itself amidst significant shifts: new processes of regional integration are occurring with unprecedented speed and scope; new alliances are being forged; and new patterns of economic growth and development are rapidly undermining traditional ways of doing things. Moreover, the Caribbean is excluded from many of these processes of change: as it remains preoccupied with interminable and fearful parochial debates about pooling sovereignty – a sovereignty which, let us be clear, is insignificant in anything other than name for individual small states which are transgressed by powerful and destructive forces on a daily basis – or whether or not to allow handfuls of people to move freely from country to country, or indeed to consider the admission of the Dominican Republic to CARICOM, the rest of Latin America is getting on with developing agreements and mechanisms which are marked by vision, audacity and ambition.

To put it another way: the rest of the hemisphere is quite plausibly starting to leave the Caribbean behind, and this is only intensified by the contemporary patterns of fragmentation that are identifiable within the region itself. On every conceivable measure, it seems that today CARICOM states are marked by divergence, and this necessarily militates against the kind of unity required for an bold regional settlement. Economically, there is stratification both within and between countries, such that endemic poverty exists side-by-side with often-gaudy displays of wealth (wealth which, moreover, is frequently generated in illicit or at least questionable ways). Politically, electorates are polarised between parties offering only meaningless alternatives, and which operate under an utterly dysfunctional Westminster system of politics in order to, as the late Norman Girvan put it shortly before he passed away,

largely facilitate 'the plunder of state resources by politicians and their cronies'.⁸ Perhaps most importantly for our discussion here, though, is the fact that, diplomatically, the countries of the region are being pulled in different directions by irreconcilable forces, with northern countries remaining, as ever, in Washington's orbit, the small islands of the Eastern Caribbean rapidly deepening their own process of integration, and those on the South American mainland increasingly moving towards Brazil and the wider continent.⁹

It barely needs saying, then, that if the Caribbean cannot conclude what is, in truth, a comparatively modest set of agreements under the CSME more than 25 years after it was signed into being in 1989, there is little likelihood of the region being either able or welcome to participate, in a meaningful way, in much bigger international agreements with altogether more arduous commitments. The chances of it doing so were, in truth, much brighter twenty years ago when the international context was – as malign as it appeared at the time – considerably more favourable to it, the interests of Caribbean countries were better aligned, and donor financing for interesting regional projects was more readily available. In short, as the ground shifts beneath the feet of Caribbean societies today, it is not clear whether these quite fundamental global, hemispheric, regional and national processes of change can be resisted. They may well pull the region completely apart.

TWO COMPETING VISIONS

In 2011, Norman Girvan and myself were the lead authors of a large study on regional integration, which was commissioned by the UK Department for International Development (DFID) and undertaken by the academic staff here at the Institute of International Relations (IIR).¹⁰ After speaking to huge numbers of people around the region, we developed twenty recommendations for re-energising the integration process in an expansive and assertive way. These included, amongst other things: a systematic review and root-and-branch reform of CARICOM; the granting of the legal space, whether through a supranational Commission or otherwise, to implement decisions taken by the Heads of Government; the pooling of sovereignty in, initially, just a single issue-area where there is clear collective value in doing so; the creation of a single CARICOM Embassy in one location on an

experimental basis to discern how limited diplomatic capacity could be leveraged by pooling it together, and so on. In all, our focus was on trying to think through how we might begin to construct the ambitious tracks that I alluded to earlier on which a renewed CARICOM locomotive could travel well into the future to interesting and exciting places. Our analysis was grounded in the recognition that, while key actors across the region acknowledge the difficulties faced by the integration process, this is something that is widely lamented, and most believe that a re-purposed, expanded and liberated CARICOM should still be the main vehicle for bringing Caribbean countries closer together and pursuing their collective offensive interests.

Yet interestingly, a few months after the publication of our report, CARICOM commissioned its own from the Landell Mills development consultancy in the UK.¹¹ The report was narrower in scope than ours, and focused solely on the more limited question of restructuring the CARICOM Secretariat, but it recognised many of the same challenges that occupied our minds: in particular, slow progress in implementation and the worsening financial outlook as the global crisis gathered pace. What is striking, though, is that it was distinctly less ambitious in its recommendations. These embodied a series of consciously constrained steps which could quickly be taken: first, the determination of a limited number of priority areas for action (which, by implication, would allow non-priority commitments to be kicked into the long grass); second, strengthening some of the CARICOM organs (but also *limiting* the institution's scope in other areas which are deemed non-essential); and third, a restructuring of the Secretariat into an institution more heavily focused on implementation. This echoed our own recommendation, but crucially, the caveat was added that, outside of the priority implementation areas, CARICOM's responsibilities would dramatically narrow with the scope of its ambition circumscribed significantly.

In a sense, then, what we actually have is two competing interpretations of the purpose, function and future orientation of CARICOM. One of these – reflected in the IIR report – can be considered an optimistic yet perhaps excessively hopeful view, which sees both CARICOM and the wider integration process that it underpins in a considerably more expansive light. The other, which is notably more austere and pessimistic, but perhaps more pragmatic regarding the likely capacity of CARICOM to effect meaningful transformation – or even simply to survive – effectively

sees the institution shrinking to take on a narrower, but arguably more focused, portfolio of responsibilities.

In sum, the former perspective still implies a degree of hope regarding CARICOM's capacity to realise its promise after forty or more years of life, and sees it underpinning a considerably more strategic, political, interventionist and transformative conception of the form and purpose of integration. The latter is predicated on a fundamentally different, distinctly narrower and decidedly more technical understanding, both of CARICOM's role and the *raison d'être* and substance of integration. Which of these perspectives ultimately wins out is of critical importance to the future direction of the region, something that is, at present, in serious flux.

DYNAMICS OF REGIONAL CHANGE

This is our first special issue of the *Caribbean Journal of International Relations & Diplomacy*, and it focuses – in a broad sense - on the contours of the challenge facing the Caribbean region in the contemporary period. The articles that we publish here are not exclusively pre-occupied with CARICOM itself. Rather, they each offer a distinctive perspective on the patterns of change that are underway internationally, and which are collectively shaping the context in which the Caribbean must increasingly seek to manage its domestic and regional political processes.

We begin with two excellent original research articles. Jessica Byron gets us underway, by initiating a broad 'rethinking' of CARICOM as an institution, setting its contemporary predicament within the myriad shifts that are taking place in Latin America. She emphasises the different successes that the Caribbean has had in its 'developmental regionalism', particularly in terms of the provision of regional public goods and the building of social and political norms. However, the major problem facing CARICOM is, as we know well, an institutional one, and this has been exacerbated by an unwillingness to explore wider and deeper relationships with the broader hemisphere. Yet this is something that, if it wishes to hook onto new progressive opportunities, it cannot continue to avoid. Consequently, Byron ends the article by reflecting on the potential for greater engagement between the Caribbean and Latin America, offering much welcome food for thought regarding how this might finally occur.

The second original research article, by Ajay Parasram, is more abstract and theoretical. It begins by considering an argument

advanced by Sir Shridath Ramphal, former Secretary General of the Commonwealth and long-time advocate of Caribbean integration, that the promise of sovereignty is, in fact, a chimera. By cleaving to it individually, rather than pooling it collectively, the countries of the region have clung to a myth of state power that actually belies their relative powerlessness internationally.¹² The unfortunate consequence of this is that Caribbean states, by emphasising their individualism, not only find themselves poorly equipped to deal with the extra-regional forces with which they have to contend, but they simultaneously undermine the potential for the kinds of collective solutions that would generate better aggregate gains for all. This is, of course, a familiar argument about which much has been written: so, rather than rehearsing it again, Parasram uses Ramphal's argument as a point of departure in a somewhat different debate. Specifically, he critiques the wider theory and practice of International Relations (IR) by analysing how the very establishment of the international state system is itself a reflection of peculiar colonial dynamics of power. This is something which, he argues, is shrouded by our default operating assumptions in which nation-state sovereignty and the system in which they function are considered to be naturally occurring, rather than historically specific manifestations of a particular constellation of 'modern' relations of power and influence. Put another way, the adoption of an individualised sovereignty by small Caribbean states is not something that is necessarily natural, necessary or permanent. Furthermore, it not only masks the reality of their relative powerlessness, but it has also 'de-politicised' what is an inherently 'colonial project of state-making in the context of formerly colonised territories'. It is only by recognising the enduring coloniality at the heart of the 'national' project, Parasram contends, that we may be able to discover alternative political arrangements that better serve the contemporary requirements of many formerly colonised – and still marginalised – territories, thereby meeting the challenge laid down, and overcoming the problems identified, by Sir Shridath Ramphal.

Following on from this, we reproduce edited versions of three public statements from eminent regional figures. To begin, Perry Christie, Prime Minister of The Bahamas, offers a fascinating account of his country's relationship with the wider region. Given its unique geographical position and historical ties, The Bahamas does indeed occupy a place that is simultaneously within the orbit of the US and the CARICOM Caribbean. However, this should not be

mistaken – as it sometimes is – for aloofness regarding regional developments. Rather, Christie stresses, the country has long been – and remains - highly committed to playing a key role in regional integration processes while also safeguarding its own distinctive developmental path at the same time.

Then, José Miguel Insulza, Secretary General of the Organization of American States (OAS) delivers a compelling discussion of the contemporary Latin American and Caribbean panorama, appealing for deeper integration to offset the challenges facing the wider hemisphere, notably the slowdown in economic growth and the many challenges to good governance that we face. Despite these worries, his analysis is broadly an upbeat one, suggesting that the Caribbean and Latin America have had much success – not least as beacons of democracy for the past 25 years – and have much to offer each other. But opportunities to integrate further, which have long presented themselves, must be urgently seized if this potential is to be realised.

Next, we hear from Fidel Castro Díaz-Balart, Vice-President of the Cuban Academy of Sciences, who gives us a wide-ranging discussion of the broader developments in the world of science and technology in which Caribbean economic, political, social and environmental processes must increasingly be located. He cautions that, in many respects, new developments in biomedical science, food production or communications technology remain dominated by the wealthy countries of the North. Yet there are interesting developments taking place in both Cuba itself, and the Caribbean more widely. If we are to see success in meeting the challenges of the 21st Century, it is clear that science and innovation have a central and crucial role to play.

We then move on to a policy brief by Simon Hollis, which assesses the cultural dimensions of Disaster Risk Reduction (DRR). Simon spent a few months towards the end of 2014 as a Visiting Fellow at the Institute of International Relations, working on a wider project comparing DRR in the Caribbean and the Pacific. The policy brief represents some initial findings from his work in our region, underpinned by dozens of interviews with policymakers and other stakeholders, which in turn culminated in an absorbing seminar that took place at IIR in December 2014. What is particularly distinctive about Simon's work is that it not only addresses the crucial technical dimensions of DRR, but it reflects, in a critical way, on the deeper cultural drivers that shape particular kinds of responses to these challenges. By considering how the

work of prominent artists and other actors in the cultural sphere influence DRR, he provides us with a truly novel – and highly stimulating – way of thinking about these issues.

Our penultimate piece is a research note by Mary and St Clair King. They respond, in a generous fashion, to the challenge laid down by Winston Dookeran in myriad international fora over the past few years – as well as in previous issues of the *Caribbean Journal of International Relations & Diplomacy* - regarding the need to think through a new research agenda grounded in the question of ‘convergence’ and with it new modes of integration beyond the physical limits of the Caribbean region itself.¹³ The authors argue that, while Dookeran is right to identify convergence as a way forward for overcoming the tensions in the extant integration process, there are three further issues that require rethinking. These get to the heart of prevailing pathologies in Caribbean economies that have been identified since at least the work Arthur Lewis: poorly developed infrastructure, a lack of capital with which to rectify it, and a regional entrepreneurial class that is inherently risk-averse and engaged in merchant import-export activity rather than genuinely productive investment. The Kings argue that it is only through the development of meaningful innovation systems that these problems might be overcome and therefore the promise of convergence potentially realised.

Finally, we end the special issue with an extraordinarily insightful reflective piece by Owen Arthur, former Prime Minister of Barbados and one of the Caribbean’s true heavyweight thinkers and practitioners on economic issues. As someone who was at the centre of regional debates over, first, the CSME – as well as the driving force behind the establishment of the unit supervising the process in Barbados – and, later, the wrangling with the EU over the Economic Partnership Agreement (EPA), Arthur is well-placed to offer an authoritative account of the deficiencies within the contemporary regional integration settlement in the Caribbean, which are encompassed in the fact that ‘the region of the world which needs to integrate the most is relying least on such a mechanism for its transformation’. This is, as he argues, an extremely worrying sign, as other parts of the world deepen their integration processes and fully internalise the logic of new patterns of de-territorialised trade and production via global value chains (GVCs) and engage in the kinds of cross-border co-operation of which our region – and its economic elites – remain deeply suspicious. We are, he suggests, at quite a turning-point as the core

countries and regions of the world seek to institutionalise mega-trade blocs like the Trans-Pacific Partnership (TPP) or the Trans-Atlantic Trade and Investment Partnership (TTIP), and even those that the Caribbean might think of as its peers, are busily establishing - or have even finished doing so - new and wide-ranging free-trade agreements (FTAs) with major players, such as the so-called CAFTA-DR agreement between the United States, the Dominican Republic and a number of Central American countries.

It is therefore only through a full and unequivocally offensive participation in global liberalising trends, Arthur argues, that Caribbean countries individually - or the region as a whole - will reap the rewards of the new economy. The very same processes that concern our policymakers - such as the destruction of precious sources of revenue when border taxes are phased out - are those which will empower young entrepreneurs to cheaply purchase the inputs they require to compete globally in emergent sectors at positions which are hopefully far along the value chain. On this reading, it is far better for our young people to build companies that licence, say, high-value sweeteners, or that design marketing campaigns for them, than it is to be cutting cane and exporting uncompetitive raw sugar, which is, like all the primary commodities on which the Caribbean and much of the wider ACP traditionally relied, subject to severe preference erosion in any case.¹⁴ By engaging with the world from a fearful standpoint rather than an optimistic, forward-thinking and assertive one, and thereby protecting archaic ways of doing things and established patterns of vested interest, we serve to inhibit the creative destruction and building of new economies that is necessary and long overdue. If the prevailing way of doing things continues - that is to say, pining for a world that does not exist, rather than engaging aggressively with the one that does - the trend whereby others are leaving the Caribbean behind will only intensify.

THE CARIBBEAN IN A RAPIDLY CHANGING WORLD

In a sense, then, we come back to a question that I have hinted at throughout this editorial: does the CARICOM Caribbean now find itself slumped over the bar, drinking the last dregs at the bottom of the glass in the last-chance saloon?

In certain respects, the answer is undoubtedly yes. The world is moving on rapidly, and there is no doubt that the dramatic changes that we have seen in the past decade or so, particularly in terms of

the increased salience of GVCs in which high-value goods and services are produced, appear to be irresistible, not least since the networks on which they rest have proliferated and intensified dramatically.¹⁵ Consequently it seems that, as many observers have noted over the years, including Owen Arthur in this issue, the development strategy of the region can probably no longer be one of the kind of grand political designs that accompanied independence, but rather will have to be predicated on the finding of some kind of a niche – or, more accurately, finding and adapting to a variety of dynamic and constantly changing niches – within the global political economy.¹⁶

However, at the same time, there are some significant caveats that should be attached to any plan to open the region's economies up fully to the world. Partly these reflect familiar and well-worn debates relating to trade. Put simply, the liberal myth of free trade is exactly that, a myth, and there is no country anywhere in the world that developed through liberalising its trading relationships in an unthinking way. All of those countries that we misleadingly call 'developed' in the contemporary era¹⁷ - whether Britain, the US, and Germany in the 18th and 19th Centuries, Japan and the Asian Tigers in the late 20th, or even China in the 21st – only opened up once they had established strong and competitive industries behind tariff walls and with the purposive intervention of the state, and were therefore powerful enough to compete with some success on international markets.¹⁸

Of course, the context for small countries and peripheral regions of the world has undoubtedly changed today, and these kinds of strategies are now considerably more difficult to implement, both because of the reality of de-territorialised production through GVCs and greater scepticism on the part of powerful actors regarding the need to maintain open trade globally. Once the crisis hit in 2008, however, this rhetorical distaste for interventionism did not stop major countries engaging in exactly the kind of previously *verboten* policies that, for decades, they had told the rest of the world were inefficient in market terms and therefore developmentally counter-productive, in particular the creation of subsidy regimes for, and the bailing out of, collapsing firms and industries. Nonetheless, it remains the case, as Owen Arthur argues, that contemporary FTAs are fundamentally about seeking to establish the conditions for the diffusion and intensification of GVCs rather than the kind of country-to-country trade that normally underpins our increasingly anachronistic understanding of these processes. Those that choose

not to participate will come to be marginalised from sharing in the benefits of what are often – but not, as I suggest below, always – the high-value production processes that mark today’s global economy.

If this is true, though, which I think it is - a recent report by the United Nations Conference on Trade and Development (UNCTAD) estimated that as much as 80 per cent of all global trade takes place within GVCs¹⁹ - it surely calls into question the very notion of ‘trade’ itself, at least as it is represented in conventional models of comparative advantage. I do not propose to get into this debate in a detailed fashion here, but it strikes me that what we are witnessing evolve potentially has very little to do with trade, certainly as it has been historically conceived ever since Adam Smith, David Ricardo and their followers were writing their ground-breaking liberal treatises on the subject in the late 18th and the early 19th Centuries. For if participation in FTAs is about securing access to the highest possible point of a GVC, states and societies inherently become little more than cogs in a series of global production processes under corporate control. As a description of today’s global economy this is certainly accurate, but it rather belies the traditional understanding of trade as something that is embedded domestically, and thereby facilitates the establishment of national industries predicated on a measure of natural or constructed comparative advantage, which, over time, serves to create a degree of convergence between economies internationally.

It barely needs saying, though, that this is not what characterises the contemporary world. As Don Marshall of The UWI Cave Hill in Barbados put it a decade or so ago, this idea represents little more than ‘the hoax of our time’, embedded as it is within a ‘conventional mythology of “globalisation” [which] summons an inexorable neo-liberalising logic of inevitable convergence’.²⁰ By contrast, it has actually become increasingly clear that the neoliberal approaches to trade that have held sway since the 1980s have instead produced a great amount of divergence, both between and within countries, rather than a rising tide that lifts all boats, along with a plethora of troubling global imbalances of all kinds.²¹ Moreover, as influential thinkers such as Dani Rodrik have noted, this in turn has called into question the link between trade and development – or at least development of a meaningful kind – and, as time has worn on, neoliberal globalisation appears to be even undermining democracy itself.²²

Of course, most economists - and political economists - of a heterodox persuasion would not be surprised by this: we really

should not expect anything other than divergence when countries at different levels of development, with distinct trading profiles, choose to liberalise their interactions with each other. The fractious relationship between contemporary Germany and Greece provides a salutary example. A crude reading of the story would be that, essentially, before the crisis, banks in the former lent huge amounts of money to people and institutions in the latter in order to import high-tech German goods, which, over time, only served to reinforce its competitive advantage and with it Greece's declining terms of trade as it had little of a similar value to send the other way. This was made worse by the two countries being locked into a currency, which, for Germany, was notably undervalued, and, when the music stopped, left Greece with inordinately high debts to pay, and, as Mark Blyth has argued, Germany with banks that were too indebted to bail out. This, when added to the German predilection for deflationary 'Ordoliberalism', largely explains why it has been so keen to ensure that Greece pays its debts in full, even at the cost of widespread social catastrophe - because it is locked into an over-valued Euro, Greece's only means of devaluation is via an assault on living standards - therefore meaning that the German banks, which were extremely careless during the boom times, get their money back without really having to pay for the costs of their pre-crisis exuberance.²³ Although this is but one example, when abstracted to the level of the global political economy as a whole, it sheds light on the reality of divergence that exists everywhere and which needs urgently to be reversed. Indeed, although not entirely analogous, do we not see ghostly echoes of the Germany-Greece situation in the trading relationship between Trinidad and Jamaica too?

BETWEEN A ROCK AND A HARD PLACE

So, how should the Caribbean proceed, trapped as it is between something of a rock and a hard place? The most pressing requirement, to my mind, is a circumspect, sceptical and critical analysis of the world in which we are living. There is, again, no real doubt that we do have to operate under new global conditions of trade in which liberalisation - even beyond the crisis - is well entrenched in the mind-set of policymakers.²⁴ In this sense, we cannot stop the world and get off. But equally, we have to always remember that the processes that we associate with globalisation are neither inevitable nor do they exist free of human agency.

So, we can accept the need to engage with a dynamic global context that throws up new challenges, without being, to quote Marshall once more, 'seduced by the myth of its inevitability and historical necessity'.²⁵ There is no guarantee, for example, that the mega-FTAs such as TPP or TTIP will become a reality; both are predicated on a raft of highly unrealistic assumptions on the part of their primary advocates, they involve the negotiation of a range of extremely contentious issues – many of which have bedevilled the multilateral liberalisation process through the WTO for years - and they are subject to huge amounts of resistance from civil society and other actors.²⁶ Moreover, the very fact of their existence points to a wider problem within global trade politics: as richer and more powerful states seek to negotiate such enormous and staggeringly ambitious 'WTO-plus' agreements, this simultaneously highlights the broader collapse in, what my colleague Valbona Muzaka and myself have called in our research on the Doha Round, the very 'social purpose' that underpins multilateral trade liberalisation via the WTO, even plausibly undermining the crucial judicial role of the institution itself.²⁷ A variety of developing countries – including, especially, major players like India - remain extremely sceptical of the direction of travel of much global trade politicking, and without the kind of shared belief in multilateralism that, however imperfectly, underpinned the post-war order, it is conceivable that the wider edifice of international trade could, at some point, begin to unravel. This in turn could lead the very real fissures that exist across the paraphernalia of global governance to start to fracture completely, thereby creating great instability in the contemporary world order.

In short, while at present we live in a world dominated by corporate power, GVCs and a marked tendency towards greater liberalisation, it does not follow that globalisation with these characteristics will necessarily endure. This is particularly so given that we are still in the midst, as I suggested above, of an unprecedented crisis that has potentially a great many years yet to run.²⁸ This crisis is playing out in highly uneven ways, with often devastating distributional consequences for many of the most marginalised parts of the developing world.²⁹ The EU is still potentially on the brink of messy disintegration – with not only Greek, but British exit a real possibility - and if European or American banks begin to topple again, all bets are off regarding the capacity of Western states to save them, and the nature of the world that will eventually emerge from the subsequent wreckage.

Nonetheless, let us take the world as it appears to be, and make the case that the Caribbean has to engage with it on the terms favoured by advocates of modern forms of global trade. On the positive side, the nature of contemporary production processes does present a credible opportunity as much as it does a threat for the region to begin to develop new niches and production processes. In this sense, Owen Arthur is undoubtedly correct that the rules of economic engagement have changed in such a way as to potentially favour entrepreneurs – no matter where they may be located in the world – who can seize dynamic market opportunities wherever they arise. This is especially so given that many growth sectors – in so-called ‘web 3.0’ terms – have low barriers to entry since they are by definition geographically promiscuous, and ultimately about exploiting data, information and knowledge as much as anything else. This is, of course, plausibly very liberating for those groups and individuals within the Caribbean who have the know-how and confidence to exploit these opportunities.

Yet more broadly, the key problem with GVCs is, as I noted above, that they are fundamentally about corporate control of global economic processes. As Nicola Phillips has suggested, lead firms establish GVCs in order to ‘increase profits by establishing and harnessing significant asymmetries of market (and political) power’.³⁰ Indeed, the very rationale for GVCs, from the perspective of capital, is that it permits the extraction of value that would not otherwise be possible if economic processes were conducted in traditional ways. This means that such activity inherently creates losers and winners. The patterns of influence that are subsequently exerted on firms – and their host states – along the chain can be quite disorientating. Some may flourish and others may not. As Phillips further notes, even in a situation where participation in a GVC brings employment, ‘the nature and terms of work are often highly adverse, particularly in sectors which are labour-intensive and price-sensitive’. Moreover, not only is it the case that the kind of activity undertaken within the value chain might itself not lead to obvious or desirable development effects, it is also that ‘economic upgrading in some contexts *depends on* a depression of labour or environmental standards, with strongly negative developmental outcomes’.³¹ The significance of this is that, as others, such as John Ravenhill, have also argued, there is no automatic or intrinsic link between participation in GVCs and development more broadly, and this is something that is a serious deficiency in much of the literature on the subject.³²

It is consequently *the nature* of the engagement that matters, not the simple act of doing so. Therefore, participating in GVCs – via new FTAs – does not, of itself, amount to a development strategy for the Caribbean. It is quite plausible that the region might negotiate bad FTAs that encourage destructive economic activity on the part of those firms that are subsequently encouraged to locate productive processes in the region as part of a GVC. So, the agenda for developing capacity in this area has to be undertaken in a strategic way. It can only be successful if it is predicated on a re-conceptualisation and creation of a shared understanding of the kind of development that we want to see in the region, along with the forceful shaping of both local and global economic processes, as far as is possible, to serve that broader development.

But is such a strategic approach possible? The missing link, as ever, is the state. Given that both the positives and negatives of all contemporary global phenomena - whether globalisation itself, the global crisis, or the power that is deployed by key actors within GVCs - are distributed unevenly, the Caribbean cannot leave its engagement with these forces to chance. There has to be a long overdue re-discovery of initiative on the part of public institutions, whether domestic or regional, something Anthony Payne suggested a few years ago could be encapsulated in the idea of a region-wide 'developmental state' loosely modelled on those that generated the East Asian 'miracles' in the 1970s.³³ The problem, unfortunately, is that too many in the region are still wedded to 1980s Washington Consensus orthodoxy, in which the state is seen as a deficient, outmoded institution, and the 'private sector' is expected to deliver growth and rising living standards. The fact that this has not happened – growth throughout the region has been consistently disappointing since long before the global crisis – suggests that this idea is fanciful.

And why should we expect it to be anything else? The trite orthodoxies that have been passed down from Washington and Brussels over the years are intrinsically products of often-flawed ideology, and, in any case, are not easily applicable to the Caribbean context. As the Kings note in this issue – and as many have done so before them in the tradition laid down by the New World Group - the regional private sector is inherently risk-averse, and conditioned, on account of long-ingrained historical legacies, to favour safe *rentier* import-export activity rather than the kind of productive investment that generates meaningful development but which is inherently more risky.³⁴ As such, without the kind of

effective state intervention to shape the context in which private actors behave – something that Caribbean governments, which have often become victims of ‘regulatory capture’ by these elite interests, are loath to undertake – it should come as no surprise that they will continue to reproduce these existing ways of doing things which suck out precious foreign exchange, crowd out productive investment, and contribute to depressed growth. In sum, not only has no country ever developed under conditions of genuinely free trade, none has ever done so without some kind of activist, interventionist state. Today, all of those countries that are enjoying rapid growth and development, whether they are from the traditional ‘North’ or ‘South’, are doing so with just these kinds of penetrating institutions. Of course, countries as disparate as China, Brazil and India, as well as smaller countries like Malta, Singapore or Mauritius, are certainly globalising themselves, and working hard to find their niches and positions along the different GVCs that exist, with some of their firms – particularly in the larger countries – even controlling them. But they are not doing so in a passive way. Globalisation is not happening to them: they are rather seeking to construct and sculpt the context in which their entrepreneurs, businesspeople and economic institutions are engaging with the world.

This is the primary lesson that Caribbean policymakers, in my view, need to take on board, and quickly. Development will never occur if it is left to either chance encounters with often-destructive global market processes that are controlled by asymmetrically powerful corporate actors, or a largely rent-seeking local private sector that has little interest in genuinely entrepreneurial activity. The Caribbean urgently needs to build purposive public institutions, at the regional level, that can shape, as effectively as possible, its engagement with the new global context by simultaneously restructuring internally and negotiating externally. This is what Mariana Mazzucato, in one of the most influential books of the past year or so, terms *The Entrepreneurial State*.³⁵ It should be required reading for everyone in the region.

NOTES

- ¹ For an early example, see Anthony Payne, ‘Whither CARICOM? The Performance and Prospects of Caribbean Integration in the 1980s’, *International Journal*, Vol. 40, No. 2, 1985, pp.207-228.
- ² Robert Cox, ‘Social Forces, States and World Orders: Beyond International Relations Theory’, *Millennium: Journal of International Studies*, Vol. 10, No. 2, 1981, pp.126-155.

- ³ For a detailed analysis of Rose Hall and its wider implications, see Matthew L. Bishop and Anthony Payne, 'Caribbean Regional Governance and the Sovereignty/Statehood Problem', *CIGI Caribbean Paper No. 8*, Centre for International Governance Innovation, Waterloo, Canada, 2010.
https://www.cigionline.org/sites/default/files/caribbean_paper_8_0.pdf
- ⁴ P. J. Patterson, 'A Cri de Coeur for CARICOM: Lest we Wither on the Vine', *Caribbean Journal of International Relations & Diplomacy*, Vol. 1, No. 2, 2013, pp.75-86.
- ⁵ Matthew Louis Bishop, 'Whither CARICOM?' in W. Andy Knight, Hamid Ghany and Julián Castro-Rea (eds), *Re-Mapping the Americas: Trends in Region-Making*, London: Ashgate, 2014, pp.185-202.
- ⁶ For a recent discussion of Doha and its wider implications, see Valbona Muzaka and Matthew Louis Bishop, 'Doha Stalemate: The End of Trade Multilateralism?', *Review of International Studies*, 2014, *FirstView*. Available on CJO2014.
 doi:10.1017/S0260210514000266.
- ⁷ Tony Heron, 'Asymmetric Bargaining and Development Trade-Offs in the CARIFORUM-European Union Economic Partnership Agreement', *Review of International Political Economy*, Vol. 18, No. 3, 2011, pp.328-357; Gabriel Siles-Brügge, 'Resisting Protectionism After the Crisis: Strategic Economic Discourse and the EU-Korea Free Trade Agreement', *New Political Economy*, Vol. 16, No. 5, 2011, pp.627-653; and Tony Heron and Gabriel Siles-Brügge, 'Competitive Liberalisation and the "Global Europe" Services and Investment Agenda: Locating the Commercial Drivers of the EU-ACP Economic Partnership Agreements', *Journal of Common Market Studies*, Vol. 50, No. 2, pp.250-266.
- ⁸ Norman Girvan, 'Assessing Westminster in the Caribbean: Then and Now', *Commonwealth & Comparative Politics*, Vol. 53, No. 1, 2015, pp.95-107.
- ⁹ See Rosemarijn Hoefte, Matthew Louis Bishop and Peter Clegg, 'Still Lonely After All These Years? Contemporary Development in the "Three Guianas"', *Caribbean Studies*, Vol. 43, No. 1, 2015 (forthcoming).
- ¹⁰ Matthew Louis Bishop, Norman Girvan *et al*, 'Caribbean Regional Integration', Report by the UWI Institute of International Relations, funded by UKAid from DFID, St Augustine, Trinidad and Tobago, 2011:
http://sta.uwi.edu/iir/documents/IIR_Research_Documents/IIRRegionalIntegrationReportFINAL.pdf
- ¹¹ Richard Stoneman, Justice Duke Pollard and Hugo Inniss, 'Turning Around CARICOM: Proposals to Restructure the Secretariat', Trowbridge, UK: Landell Mills Consultants Ltd, 2012:
<http://www.caricom.org/Restructuring%20the%20Secretariat%20-%20Landell%20Mills%20Final%20Report.pdf>
- ¹² See Bishop and Payne (2010) for a similar argument that expands on theoretical and empirical deficiencies in the Caribbean conception of sovereignty and statehood.
- ¹³ Winston Dookeran, 'The Case for a New Caribbean Convergence Model', *Caribbean Journal of International Relations & Diplomacy*, Vol. 1, No. 1, 2013, pp.127-131; and Winston Dookeran, 'A New Frontier for Caribbean Convergence', *Caribbean Journal of International Relations & Diplomacy*, Vol. 1, No. 2, 2013, pp.5-20.
- ¹⁴ For detailed discussion of the evolution of the global sugar trade and its implications for the Caribbean, see, *inter alia*, Ben Richardson, *Sugar: Refined Power in a Global Regime*, Basingstoke: Palgrave Macmillan, 2009; Ben Richardson, 'Restructuring the EU-ACP Sugar Regime: Out of the Strong There Came Forth Sweetness', *Review of International Political Economy*, Vol. 16, No. 4,

- 2009, pp.673-697; Ben Richardson and Pamela Ngwenya, 'Cut Loose in the Caribbean: Neoliberalism and the Demise of the Commonwealth Sugar Trade', *Bulletin of Latin American Research*, Vol. 32, No. 3, 2013, pp.263-278; and on preference erosion more generally, see Tony Heron, *Pathways from Preferential Trade*, Basingstoke: Palgrave Macmillan, 2014.
- ¹⁵ For a celebrated and incisive introduction to the political economy of GVCs, see Gary Gereffi, John Humphrey and Timothy Sturgeon, 'The governance of global value chains', *Review of International Political Economy*, Vol. 12, No. 1, 2005, pp.78-104; and Gary Gereffi, 'Global value chains in a post-Washington Consensus world', *Review of International Political Economy*, Vol. 21, No. 1, pp.9-37.
- ¹⁶ See, *inter alia*, Anthony Payne, 'The End of Green Gold? Comparative Development Options and Strategies in the Eastern Caribbean Banana-Producing Islands', *Studies in Comparative International Development*, Vol. 41, No. 3, 2006, pp.25-46; Anthony Payne and Paul Sutton, 'Repositioning the Caribbean within Globalisation', *CIGI Caribbean Paper No. 1*, Centre for International Governance Innovation, Waterloo, Canada, 2007: https://www.cigionline.org/sites/default/files/1._repositioning_the_caribbean_within_globalisation.pdf; Richard Bernal, 'Nano-Firms, Regional Integration and International Competitiveness: The Experience and Dilemma of the CSME', in Denis Benn and Kenneth Hall (eds), *Production Integration in CARICOM: From Theory to Action*, Kingston: Ian Randle Publishers, 2006; and Matthew Louis Bishop, Tony Heron and Anthony Payne, 'Caribbean Development Alternatives and the European Union-CARIFORUM Economic Partnership Agreement', *Journal of International Relations and Development*, Vol. 16, No. 1, 2013, pp.82-110.
- ¹⁷ For a discussion of why traditional binary distinctions between 'developing' and 'developed' countries, or 'North' and 'South' are so problematic, see Anthony Payne, *The Global Politics of Unequal Development*, Basingstoke: Palgrave Macmillan, 2005; and Anthony and Payne and Nicola Phillips, *Development*, Cambridge: Polity Press, 2010.
- ¹⁸ Ha-Joon Chang, *Kicking Away the Ladder: Development Strategy in Historical Perspective*, London: Anthem Press, 2002.
- ¹⁹ UNCTAD, *World Investment Report 2013 – Global Value Chains: Investment and Trade for Development*, New York and Geneva: United Nations Conference on Trade and Development, 2013: http://unctad.org/en/PublicationsLibrary/wir2013_en.pdf
- ²⁰ Don D. Marshall, 'At whose service? Caribbean state posture, merchant capital and the export services option', *Third World Quarterly*, Vol. 23, No. 4, 2002, pp.725-751.
- ²¹ Lant Pritchett, 'Divergence, Big Time', *The Journal of Economic Perspectives*, Vol. 11, No. 3, 1997, pp.3-17.
- ²² Dani Rodrik, 'The Global Governance of Trade as if Development Mattered', *UNDP Background Paper*, New York: United Nations Development Programme, 2001: <https://notendur.hi.is/~ajonsson/kennsla/rodrik.pdf>; and Dani Rodrik, *The Globalization Paradox: Why Global Markets, States and Democracy Can't Coexist*, Oxford: Oxford University Press, 2012.
- ²³ Mark Blyth, *Austerity: The History of a Dangerous Idea*, Oxford: Oxford University Press, 2013.
- ²⁴ Gabriel Siles-Brügge, 'Explaining the Resilience of Free Trade: The Smoot-Hawley Myth and the Crisis', *Review of International Political Economy*, Vol. 21, No. 3, 2013, pp.535-574.
- ²⁵ Don D. Marshall, 'Governance and Re-regulation of Offshore Financial Centers: (Re) Framing the Confines of Legitimate Debate and Protest', in Cynthia Barrow-

- Giles and Don D. Marshall and Marshall (eds) *Living at the Borderlines: Issues in Caribbean Sovereignty and Development*, Kingston: Ian Randle, 2003, pp.63-74, p.64.
- ²⁶ See Gabriel Siles-Brügge and Ferdi De Ville, 'The Transatlantic Trade and Investment Partnership and the Role of Computable General Equilibrium Modelling: An Exercise in "Managing Fictional Expectations"', *New Political Economy*, iFirst, 2014, DOI: 10.1080/13563467.2014.983059
- ²⁷ Muzaka and Bishop (2014).
- ²⁸ See Andrew Gamble, *Crisis Without End? The Unravelling of Western Prosperity*, Basingstoke: Palgrave Macmillan, 2014.
- ²⁹ Kunal Sen, "'A Hard Rain's a-Gonna Fall": The Global Financial Crisis and Developing Countries', *New Political Economy*, Vol. 16, No. 3, 2011, pp.399-413.
- ³⁰ Nicola Phillips, 'Global Value Chains: Why the Fuss?', *SPERI Comment*, Sheffield Political Economy Research Institute, 21st August 2013:
<http://speri.dept.shef.ac.uk/2013/08/21/global-chains-fuss/>
- ³¹ *Ibid.*
- ³² John Ravenhill, 'Global Value Chains and Development', *Review of International Political Economy*, Vol. 21, No. 1, 2014, pp.264-274.
- ³³ Anthony Payne, 'The Missed Opportunity: Building a CARICOM Developmental State', *The Brown Journal of World Affairs*, Vol. 16, No. 1, 2009, pp.137-149.
- ³⁴ For an excellent discussion, see Marshall (2002).
- ³⁵ Mariana Mazzucato, *The Entrepreneurial State: Debunking Public vs Private-Sector Myths*, London: Anthem, 2013.