



REFLECTION

Caribbean Regionalism in the Context of Economic Challenges

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It is customary, in discussing matters relating to the process of economic integration in the Caribbean, to provide as context the prophetic words of A.N.R. Robinson in 1989, that unless something was done to remedy the situation,

the Caribbean could be in danger of becoming a backwater, separated from the main current of human advance into the twenty-first century.¹

It is, however, beyond dispute that the situation in which the Caribbean now finds itself is, in every respect, even more dire than that presaged by Robinson.

The words of another illustrious Trinidadian could therefore serve as context for this presentation. They are the opening words of V.S. Naipaul's *A Bend in the River*:

The world is what it is; men who are nothing, who allow themselves to become nothing, have no place in it.²

It has to be acknowledged at the outset that the integration movement in the Caribbean and the individual countries of the Caribbean Community (CARICOM) now have to grapple with challenges which either did not exist or are now more severe than

anticipated when the movement was established in 1973. The stage has been reached where the sheer magnitude of the economic problems that require an immediate and far-reaching response raises disturbing doubts about their capacity to function as viable economies. In many instances, there are no apparent or articulated domestic solutions that can suffice. Compounding this is the fact that there are no regional mechanisms that countries can look towards in this time of grave crisis to provide effective solutions to economic problems which require, to reiterate, nothing less than immediate and far-reaching solutions.

In a real sense, the region has come to this moment with the integration movement functioning virtually as the fifth wheel to a coach. It exists, but it is of very little practical value. The full significance of this is borne out when the recent performance of the respective economies of the Caribbean is evaluated as individual entities. Yet this takes place in a context shaped by dynamics that have been affecting the region as a whole.

From an individual standpoint, it is within the common knowledge that the different economies of the region stand in danger of being overwhelmed by the most debilitating crisis in a short history which is already crisis-ridden. Indeed, individually, they have exhibited, in recent years, the worst growth performance of any class of economy in the global arena. The typical Caribbean economy is also now grappling with a debt management problem which will not only evoke responses that will lead to drastic cuts in the current standard of living of their citizens, but will also compromise their ability to finance the operation of existing regional institutions, and also make it virtually impossible for them to support the creation of any new ones. It is difficult to envisage any straightforward or immediate solutions to this low-growth and high-debt debacle emerging.

What is perhaps even more disturbing is the fact that, taken as a group, the Caribbean has underperformed and even regressed in the specific areas which have been chosen as being of greatest strategic importance to its progress and development. It has also underperformed relative to the broader global group of small island economies on almost every major determinant of competitiveness. As a consequence, it can be said of the Caribbean collectively that the institutional arrangements, the physical infrastructure, and the policy disposition have not been put in place to enable it to function effectively – let alone successfully - in

a global economy where new dynamics of liberalisation are everywhere taking effect.

The evidence is staggering. According to a recent World Bank study entitled *The New Trade Environment and Trade Performance in the Caribbean*, the region's share of world exports has declined from 0.5 per cent in 1980 to 0.2 per cent at the most recent count.³ The report also indicates that Caribbean integration into the global economy has been much slower than that of countries and regions which have not enjoyed preferential access to some of the main markets of the world. Of even greater significance is the fact that, over the past five years, many Caribbean countries have lost market share in their principal service export sectors, the dynamism of which was required to compensate for declining activity in the commodity-producing sectors which have been most negatively affected by the new forces of economic liberalisation. In short: as small, open economies facing a rapidly changing international trading environment, the Caribbean is now exhibiting indices relating to both trade performance itself, and the factors which underpin the capacity *to* be able to trade successfully, that are suggestive of growing uncompetitiveness.

This is extremely problematic for many reasons. Firstly, the region's weighted average tariff at 11.6 per cent is higher than all other regions except for South Asia, and is significantly higher than that of other small island economies at 7.4 per cent. Higher tariffs lead to higher costs of inputs, especially for export services industries, and they result in a reduction in the capacity of domestic firms to compete against those operating under a lower tariff regime elsewhere. Secondly, the efficiency of the ports and other points of entry – along with the procedures employed by customs to facilitate trade – are clearly a major determinant of trade performance. Such factors are measured in order to arrive, analytically-speaking, at a country's Trade Logistics Performance Index. According to the World Bank, the Caribbean has a lower index than any other region of the world.⁴ Thirdly, as regards the benchmark which measures maritime connectivity, the Caribbean has a liner shipping connectivity index which is the lowest for any region. Moreover, according to the Global Competitiveness Report, which ranks 150 countries based on six criteria concerning their capacity to innovate and compete, the Caribbean again registers poorly with only Barbados ranking in the top 50.⁵ In addition, as regards the benchmarks reported on globally by the World Bank concerning the ease of doing business, again the region figures

poorly on virtually all indices, and none register in the top 50 countries globally.⁶

The significance of all of these negative indices must not be missed. At a time when there is little fiscal space to stimulate growth, recourse to enablers and drivers that can help reduce costs, stimulate productivity and generate higher rates of returns should feature more significantly in the macro-economic strategies of regional economies. The significant improvement by Jamaica in many of the indices measuring its competitiveness and the ease of doing business in its jurisdiction is a very hopeful sign for the entire region. Yet it is clear that a widespread failure to adopt international best practices on the matters that vitally affect the operation of enterprises is proving to be a major drag on the competitiveness of the regional economy. Tragically, this failure to apply international best practices to matters which fundamentally determine competitiveness has coincided with a crisis in the implementation of the programme to integrate the region.

THE CONTEMPORARY CRISIS IN REGIONAL INTEGRATION

In recent years, there has been abundant evidence that the regional economic movement has come to face a growing crisis which has manifested itself in an inability and unwillingness to put the engines of integration to work as they were originally conceived, and as warranted by changing circumstances.

In 1947, at the Montego Bay Conference, Norman Manley observed that 'great causes are not won by doubtful men'. The decision taken in 1989 at Grand Anse to endeavour to transform the respective Caribbean economies - which had evolved over centuries characterized by the existence of more effective linkages with the outside world than between themselves - into a single market and economy (CSME) was one of the most momentous decisions in the history of the Caribbean. It was a transformation that was never going to be easily achieved, and was therefore going to be more taxing if not attended by clarity of purpose, and the determination to hold to a steady course come what may. The current crisis pertaining to regional integration has part of its origins precisely in the lack of clarity of purpose and difficulties over planned implementation.

I deal first with issues related to clarity of purpose. The creation of the CSME was intended both to be an agency by which the region created indigenous opportunities for its development and at the

same time to serve as the principal vehicle by which the regional economy would be integrated into the rapidly evolving and dynamic global economy. In agreeing to reconstitute itself as a Single Market and Economy, the region, for the first time, sought to rest its own development and its relationship with the rest of the world on the embrace of the economic ideology of liberalisation. In this regard, the creation of a Single Market was to take the form of the removal of all of the constraints on the movement within the region of goods, services, labour and capital that had been built up, along with the creation of Caribbean enterprises, over centuries.

This process was, however, intended to be undertaken in accordance with particular principles and design features. To be precise, in reconstituting itself as a genuinely Single Market, the instruments of integration were to be designed to facilitate deeper, broader and faster liberalisation between individual economies in the Caribbean than the region would agree to in its bilateral or multilateral agreements and relationships. It also meant that the region had to be prepared to venture into areas for which there was no provision in its previous attempts at integration, such as labour mobility. It further meant that, to be relevant, the region had to embrace and incorporate into its own programme of integration protocols pertaining to economic disciplines for which there are no Multilateral Agreements, such as Investment. It was also clearly understood that the CSME would - or could - never appear at any one time to be a finite nor finished entity. It would have to be made to evolve to give effect to its intended purpose as an indigenous model for economic liberalisation, and to ensure that the region's treatment of its own constituent units would always be more favourable than its commitments to liberalise under the auspices of the World Trade Organisation (WTO) or through its bilateral Trade and Economic Agreements.

More pertinently, it was intended that the creation of a Single Market was not an end in itself. It was intended largely to create the foundations on which a virtual Single Economy would be erected. This was intended to have as some of its key elements the provision for production integration, harmonisation of economic policies in critical areas, and bringing about the convergence of the macro-economic policies of the individual economies in order to facilitate the adoption of more advanced forms of integration (such as monetary union).

Finally, on this issue of conceptual design, it was recognized that while CARICOM was initially designed to give effect to economic

integration, functional cooperation and the coordination of foreign policy as separate and distinct pillars, the move to create a CSME required that a new and advanced harmony should be established between the various forms of regional integration. It is for this reason, for example, that at the meeting of Heads of Government in July 2007 which endorsed Norman Girvan's plan for a *Single Economy and Development Vision* - the roadmap to the Single Economy - a decision was taken to constitute a Regional Task Force on Functional Cooperation to link that subject more closely to the efforts to build the CSME.⁷ The Task Force Reported, but its report is still at large, awaiting implementation.⁸

At every step of the way, it appears that the enterprise to create the CSME is being confounded by doubts over what is being achieved, and even greater doubts as to how the progress that has been attained can and should be used to establish beach-heads for even further progress.

To begin with, the scope of achievement involved in moving the region from the declaration to create a Single Market in 1989 to its incorporation into a Revised Treaty of Chaguaramas by 2006 is neither understood nor appreciated in many quarters. That exercise entailed the identification of over four hundred existing restrictions on market activity across the region, along with the development of nine protocols to amend the original Treaty to make provision for the removal of those restrictions in domestic law in Caribbean national jurisdictions. It took Europe thirty-five years to move from the Treaty of Rome in 1957 to the creation of its own Single Market in 1992. It took the Caribbean 17.

It is critical that the move to create the CSME should never be confounded because progress in what is an area of fundamental importance to the region's development is judged, without the merit of empirical validation, to be inimical to the orderly functioning of the constituent units. Sadly, this has obtained in relation to the treatment of labour mobility. The chief benefit from economic integration in the Caribbean is that it can enable the societies to make the most productive use of their human resources, broaden the horizons of opportunity for the ordinary citizen, and enable most efficient enterprises to be created by having access to a regional pool of skills. Provision for full labour mobility is therefore enshrined as an Article of Tariff in the Revised Treaty, and provision is made for its accomplishment in phases.

Yet a decision has been made to put the movement towards the CSME on pause largely because it was alleged that the functioning

of the different societies was being overwhelmed by the sheer scope of the movement of people. There is no evidence to support this. A study of the impact of free movement in the community has revealed that just under 10,000 skills certificates have been issued to Caribbean nationals in the ten years between 1997 and 2008 in to allow them to find employment elsewhere in the region. However in 2008 alone, 18,000 work permits were issued by Caribbean countries, of which over 85 per cent were issued to persons who were *not* nationals of the region.

The brutal truth is that the Caribbean economy in any given year grants ten times more work permits to foreigners, than it grants skills certificates to its own nationals. It merits reflection as to how much progress could have been attained if the region had been as generous to its own as it has been to those from outside. For good measure, it should be added that there is no evidence to show that the movement of persons outside the categories provided for in the Revised Treaty has had any negative impact on the functioning of the societies as alleged.

A similar diffidence has been exhibited by the region in taking advantage of those aspects of its Economic Partnership Agreement (EPA) with Europe that can contribute most decisively to its development. The most important aspect of the EPA is the generous provision made in respect of Mode 4 for trade in services for which there are no equivalents in Europe's relations with any other group, nor by any other group of countries in effecting new bilateral trade agreements. The market access that is enshrined in the EPA for professional employees of Caribbean firms to provide contractual services in the European Union (EU) for up to six months per year, and the opening up of eleven sectors for temporary entry by independent professionals and the self-employed could, if effectively utilised, make the emergence and growth of cultural industries and other agencies of the creative economy a strong driving force behind Caribbean development. It is an opportunity that is being allowed to languish.

An additional important aspect of the current crisis in regional economic integration has to do with the ineffectiveness of the regional response to the global economic crisis of 2008/2009. Unlike the European Union, which mounted financial rescue missions for its members in deepest trouble, there is no equivalent regional financial mechanism to which member countries in CARICOM would make recourse in their hour of greatest need. In such a context, the development of financial relationships with

extra-regional countries, and the entering of financial programmes with the International Monetary Fund (IMF) have assumed greater significance in the affairs of the Caribbean than carrying forward the regional movement itself. The unavailability of stabilisation facilities to assist countries facing fiscal stress was compounded by the ineffectual nature of the few regional initiatives that were attempted. A regional Task Force headed by DeLisle Worrell was constituted in 2009 to prescribe a regional response. That Task Force Report is also presently at large.

More importantly, the Group of Twenty (G20) countries committed a significant sum to assist Caribbean states in countering the financial stress caused by the global recession. A total of USD \$6 billion was intended to be distributed by the Inter-American Development Bank (IDB). That sum was committed to a new Liquidity Programme for Growth Sustainability which member countries could access to correct any liquidity problems in their financial sector. The Caribbean, however, had no liquidity problem in its financial sector such as that which afflicted the United States. Consequently, hardly any use has been made of the funds under this programme. In short, the principal financial support planned by the global community to help Caribbean economies at their moment of greatest need was put into a programme for which there was fundamentally no need.

By far the greatest adverse effect of the global crisis of 2008/2009 was the cessation of economic activity funded by private capital inflows to the region. It is abundantly clear that the region would have been far better off if a regional financial mechanism had been made available with quick disbursing loans to enable Governments to accelerate their capital investment programmes and thereby counter the collapse in private capital inflows. The opportunity to find a regional solution to a common regional problem at a time of acute crisis was missed. It has significantly diminished confidence in the value and purpose of regional integration. All of this has occurred at a time when developments in the global economic environment took a turn for the worse from the vantage point of the Caribbean.

THE NEW GLOBAL ENVIRONMENT

It is an accepted truth of universal applicability that if the environment within which a species operates changes

fundamentally, and that species fails to adapt or does so insufficiently, it faces the spectre of catastrophic failure.

A large proportion of the contemporary economic crisis with which individual Caribbean economies have to contend originates in their unwillingness or inability to make adjustments that could enable them to adapt to the changes in the global trading and economic environment, which in turn have a direct and fundamental bearing on their structures and functioning. This is compounded by the fact that the arrangements and mechanisms which are available or intended to facilitate the integration of the economies as a group into the evolving global economy are outdated and obsolete, and are not being reformed in line with modern requirements.

As the world's smallest and most vulnerable group of nations, it is arguable that Caribbean economies have been more affected by development in international trade laws than any other group. In their individual capacities, prior to 1994 their development would have been assisted by the 1979 Enabling Clause in the Tokyo Round of the General Agreement on Tariffs and Trade (GATT), which authorized developing countries to use protectionist and discriminatory devices to support their domestic industries. Import Substituting Manufacturing and much of the activities in the traditional agricultural sector in the Caribbean were made feasible by this provision in International Law. It was an important form of special and differential treatment (SDT), complimented by the arrangements with the region's main trade partners that granted it unilateral duty free access to their markets. The Enabling Clause of the Tokyo Round has been replaced by a new concept of SDT under the Uruguay Round in 1994 which requires the practice of reciprocity and non-discrimination for all but the least developed countries (LDCs) and which allows countries in the Caribbean only 'flexibility within reciprocity'.

The impact at the domestic level has been a hard road to travel by those industries based on import substitution, or indeed those operating under special trade preferences such as sugar and bananas. At the regional level, it has put an onus on the Caribbean to make its preferential trade pact with partners in the North Atlantic consistent with International Trade Law, based on the principle of reciprocity: hence the EPA and the negotiation of new arrangements with Canada. The end of the Caribbean Basin Initiative also looms. Apart from the December 2013 Agreement on Trade Facilitation, the international community has found it

notoriously difficult to conclude any new multilateral trade agreements, of which the travails of the Doha Round are only the most infamous.

Sceptics of Liberalisation in the region should draw no comfort from this. Regardless of difficulty of agreeing new accords in multilateral trade, there has been a proliferation of cross-border forms of economic integration on the part of countries outside our region in at least three forms which will force the Caribbean to compete more intensely than ever before.

The first is that several large regional trade agreements are being negotiated which are unprecedented. They are distinguished by their sheer size, the diversity and variety of their members, and their intentions to incorporate new disciplines and new approaches to trade governance. All aim to put in place new arrangements in respect of tariffs, services, and composite packages pertaining to trade disciplines that exceed those which concern them in the WTO. The Trans-Pacific Partnership (TPP), embracing 12 countries bordering that ocean, The Regional Comprehensive Economic Partnership (RCEP), the Trans-Atlantic Trade and Investment Partnership (TTIP) and the Pacific Alliance represent some of the mega-blocs of already developed or powerful economies which are seeking to make themselves even more powerful. The Caribbean, which has effectively put its own economic integration on pause, has no relationship with these emergent mega-blocs.

Second, there has an explosion in the formation of Regional Trade Agreements (RTAs) over the past two decades. Nora Neufeld reports in a recent insightful paper that over 250 RTAs had been notified to the WTO up to 2013.⁹ Significantly, the Caribbean is reported as having the lowest participation in such agreements, accounting for only two per cent. By contrast, for example, African development is now being driven in increasing measure by the formation of at least nine integration mechanisms. Of those, the East African Community (EAC) is the most ambitious and advanced. Its common market is already in place and it intends to constitute itself as an Economic Union. In 2013, it agreed to a Protocol to launch a monetary union within a decade.

The third form of integrating mechanism - a good exposition on which is to be found in Richard Baldwin's 'Multilateralising 21st Century Regionalism'¹⁰ - is integration at the level of corporate enterprises through the creation of global value chains (GVCs). Such regionalisation does not concern itself with the removal of

discriminatory barriers to support the notion of 'made here, sold there' trade. It relates more to the putting in place of corporate arrangements to support production networks and supply chains across boundaries through the flows of goods, services, intellectual property, capital and people that are associated with the internationalisation of production. The new generation of RTAs, to which attention was called earlier, is specifically being designed to include disciplines that can rapidly advance such chains and networks of global supply. The Caribbean is hardly participating in them, yet they are likely to become more important as means of forging integration than formal agreements among states.

The long and short of all of this is that the region of the world which needs to integrate the most is relying least on such a mechanism for its transformation. The fact that the Caribbean has hardly participated in RTAs is especially troubling. When countries conclude such agreements they are in a position to confer on themselves more favourable market access conditions than they do to others who are not part of the arrangement. This, for example, was the case of North American Free Trade Agreement (NAFTA).

For the Caribbean, it means that any advantage that might have accrued from the granting of one-way duty-free access to the markets of countries which have given up such a preferential arrangement is immediately eroded when those countries enter RTAs themselves. This disadvantage is further compounded by the fact that those RTAs which are notified to the WTO lock in market access benefits on a permanent basis. The one-way duty free preferential arrangements we have relied on under the Caribbean-Canada Trade Agreement (CARIBCAN) and the CBI do not lock in our access to those markets on a permanent basis, and have relied on temporary waivers from the WTO for their continued existence.

As such, the preferential trade pacts upon which the Caribbean has relied to anchor our relationship with our main trading partners are today little more than obsolete and depreciated developmental assets given the proliferation of WTO-compatible RTAs of which our region is not a part. It is inconceivable that Caribbean economies will ever effectively succeed in developing their export capabilities if they remain unwilling to join the rest of the world in entering new trade partnerships that are compatible with international trade law. The furore that has arisen in the Caribbean, and the diffidence which has been shown in implementing the EPA with Europe, suggests that this will be a rough and rocky road to travel.

The brutal reality, however, is that the rest of the world is integrating largely through the proliferation of RTAs and new innovative instruments. These include trade disciplines that far exceed those that are incorporated into agreements at the multilateral level. The Caribbean is not engaged in this or any other equivalent process. It will therefore have to revamp its entire approach to trade diplomacy in order to change its present invidious status as that region which needs to embrace new modalities of international economics relations the most, but is the least prepared to do so.

OUR STRATEGIC OPTIONS

It is against this background that I present a perspective on the strategic options which must be weighed and resolved in order for Caribbean integration to significantly assist in helping the region overcome its prevailing crisis.

The Role of Liberalisation

The chief strategic matter for which there must be resolution is the extent to which - and the forms by which - the region should treat liberalisation as a guiding ideology which both significantly determines the nature of its intra-regional relationships and structures its relationship with the rest of the world.

This is a matter about which there has been great ambivalence. The freeing up of market forces as an instrument of development can generate significant material benefits and opportunities to stimulate growth. Against this is constantly posed the matter of equity. Market forces are neither neutral nor impersonal in their effects. Indeed, the very argument advanced by the region in its call for SDT in its international economic affairs concerns the inequity involved in requiring entities of unequal circumstances and strengths to have to operate under equal conditions. One only has to refer to the debate between Michael Manley and Kari Levitt as contained in the first issue of *Small Axe* of 1997 to appreciate the passion that the promulgation of liberalisation as a principal management and development policy can evoke.¹¹ For the issue that was at the centre of the debacle concerned the motivation of a leader who had championed one form of economic ideology in the first instance and then subsequently adopted and managed a

socially responsible process of liberalisation later. George Beckford joined the debate by stating that history will never absolve Manley.

I rather suspect that it will. The Caribbean cannot stand in splendid isolation in defiance of the forces of liberalisation if it is to survive and prosper. Cuba's re-entry into hemispheric and global affairs, wearing the mantle that China and Russia have in recent times assumed, may help the region to resolve its ambivalence on the matter. Like Manley, I do feel that managed and socially responsible liberalisation must be unambiguously embraced as a greater development force than it has been in the past.

Should there be any doubt, reference just has to be made to recent experience. Tourism has come now to occupy a dominant place in Caribbean economies. It has done so without special coddling. It has had to find its way in a highly competitive global arena, by building enterprises that conform to and often exceed international standards. It is the sector which can not only contribute the most but also benefit the most from a programme of liberalisation that enables it to have access to inputs available to its competitors in the rest of the world at comparable prices. All of the negative indices discussed in this paper, especially high average tariffs, poor logistics, inappropriate trade facilitation regimes and the like, bear most adversely on the region's leading sector by holding it back from realizing its full potential. This made Caribbean development a case of constrained development. It is time to remove the constraints. This perspective draws from the recent past.

What about the future? There is a new Caribbean economy that is waiting to flourish. The old economic paradigm of domestic economies based on the use of land, labour and capital is going to have to give way to a new paradigm: a new Caribbean economy which is driven by innovation, entrepreneurship, technological sophistication, and the adoption of global best practices in every field of economic endeavour. There is in fact an embryonic entrepreneurial class emerging in the sector called the 'Creative Economy' which is capable of integrating into the global economy by using information technology to create their own value chains. It does not seek protection. It seeks empowerment. It needs the support of Caribbean governments. Not support in the form of tariffs and non-tariff barriers, but the new opportunities that can be created by participation in new trade arrangements with the rest of the world that others, including and especially Africa, are now finding so useful and effective in their own development. As

such, standing askance from participating in the process of global development based on liberalisation will only ensure that the region is not only marginalized, but faces the spectre of becoming a failed society. The rest of the world, and especially our traditional trading partners, have increasingly shown that they are prepared to go on and leave us. The Caribbean has not shown that it can join the rest to the world as a confident player on terms of its own choosing.

Modalities of Regional Integration

There have been recent initiatives to rekindle the practice of regional economic integration in new and important ways. A Caribbean Commission on the Economy has recently been created. It has devised four frameworks for action, including a regional approach to fiscal sustainability and debt management, private sector stimulation and improvement in the business regulatory environment. These are important initiatives which deserve support. A Regional Strategic Plan has also been conceived and adopted. It builds on the perspective that the CSME itself is not a development strategy. It especially recognises that the successful transformation of the region will require the adoption of an authentically strategic approach which harmoniously seeks to grasp opportunities and, at the same time, fend off threats, especially the new existential threats that are not economic in nature, but which can derail the region's development.

Such a strategic approach to Caribbean development cannot, in principle, be faulted and deserves support. In my judgement, the future successful transformation of the region will require and must entail sustained mastery over the few key mechanisms of cooperation that can simultaneously make a decisive difference in the affairs of Caribbean nations in their respective capacities and on a collective basis. Three are critical in my view. Firstly, such mechanisms should be those that enable the countries and societies of the region to make progress by making the fullest use of policies and programmes on which they share common ground, and that hold the promise of yielding short- and long-term benefits. Secondly, there is a need for restoration of confidence in the instruments of regional integration. Faith in it is vanishing. A major confidence-boosting measure is needed. Thirdly, long-standing deficiencies that exist at the core of the regional effort have to be urgently addressed. I take each of these in turn.

On the first matter, Caribbean countries do not have fiscal space by which to stimulate their economy. As such, the most feasible option by which to generate growth and development as individual units and as a group is to press into service the 'enablers and drivers' of growth. Reference was made earlier to disastrous indicators exhibited by the region as a whole on ease of doing business, trade facilitation, connectivity, the pillars of competitiveness and ICT-readiness. There is need for a coherent regional programme to move the region from the bottom of the ladder into the top rungs, and to enable it to build competitive enterprises by embracing global best practices on the factors which affect their functioning. The rapid improvement in Jamaica's standing in respect of the *Ease of Doing Business Survey* points to the way the entire region should go.¹²

As regards the major confidence-boosting measure, integration in the Caribbean must become a lived experience. The people of the region must feel that it is for them and about them. The evidence reveals that movement of labour has not been a force that has destabilized the societies concerned. The region must therefore take the labour mobility aspects of its integration effort off pause, and match the initiative of the OECS, which has committed to immediate full mobility. This should be supported by the implementation of the Report of the Task Force on Functional Cooperation, the bringing into effect of the protocol on Contingent Rights and the full activation of the Regional Double Taxation Agreement, and its Agreement in respect of Social Security.

On the third matter - the correction of the main deficiency - the experience of CARICOM has conclusively shown that you cannot create a community without communications. The Caribbean will continue to flounder in the absence of the necessary investment by the private and public sector to make movement within the region easier and more affordable to the public at large. The efforts to create regional media houses and programmes that connect the region in a meaningful way need to be advanced. For a large part of the region's difficulties arise from the fact that insular nationalism is making it increasingly difficult for a true Caribbean identity to be formed.

Revamping Governance

It is now commonplace to point to the implementation deficit as justifying the need for a new approach to regional governance. That

debate itself is often posed as involving the need to move away from the inter-governmentalism which has been the operative model to date towards a recourse to supranationalism. The experience of the Caribbean Court of Justice (CCJ) should give pause for thought. The difficulty of having the region accept the full authority of the CCJ offers a warning regarding dependence upon institutional arrangements which require independent nations to yield sovereignty to supranational regional institutions.

For practical purposes, a mixed approach to governance should be followed. Where inter-governmental co-operation can get the job done, as in so many areas of functional cooperation, then get on with it. The pursuit of a supranational approach is best deployed where there is common ground on the policy and an intended programme to be implemented. The sphere in which there is an urgent need for the creation of a genuinely supranational authority is in the revamping of the region's trade diplomacy. It is my view that it was a strategic mistake not to develop the Caribbean Regional Negotiating Machinery (CRNM) into a supranational authority, working with a Prime Ministerial Group to manage CARICOM's trade relations and negotiations. The sheer scope and complexity of that which has to be undertaken to enable the region to revamp its trade and economic relationships with its traditional trading partners, to engage in the forging of new trading relationships with the emerging powerhouses of the global economy, and to bring coherence to the myriad extra-regional partnerships which some countries are forging as a substitute for deeper regional engagement cries out for a renewal of the spirit that made the CRNM necessary in the first place.

If the region does not master the complex set of relationships that it must forge with so many disparate elements globally, everything else is likely to fail. The creation of a truly supranational authority, fully financed like the CCJ, and empowered to act boldly in the region's name to get the Caribbean relationship with the world right is the most vital undertaking that should be engaged in today in our region.

CONCLUSION

My concluding remarks would be to urge the region not to look for grand designs. We live in a place that is impatient for progress. Our people, locked into networks of global communications, are being acculturated to expect a standard of living that bears a direct

relationship to what obtains elsewhere. We would however do well to reflect on the fact that most Caribbean countries are merely large rocks in the ocean. They have so much to do; but so little to work with. It is hence a miracle of modern civilisation that coherent and cohesive societies can be constituted in our adverse circumstances. Progress will not come easily. It has to be fought for. It is therefore to be hoped that, at this moment of peril, the region can tap into the deep reserves of resilience it has accumulated over so many crises to justify the idealism of Robinson, and to ward off the future which Naipaul professed awaits us.

NOTES ON CONTRIBUTOR

Owen Arthur is the longest-serving Prime Minister in the history of Barbados. He won three successive elections as leader of the Barbados Labour Party (BLP) beginning in 1994, and proceeded to serve three consecutive terms until 2008. His time in office was marked by the purposive implementation of the Caribbean Single Market and Economy (CSME) on which Barbados took the regional lead, as well as the negotiations over the Economic Partnership Agreement (EPA) between CARIFORUM and the European Union (EU), of which he was a major advocate. An economist by training, Arthur was educated at the University of the West Indies, where he earned a BA in Economics and History (1971) and an MSc in Economics (1974).

NOTES

- 1 A.N.R. Robinson, 'The West Indies beyond 1992', Paper prepared for the CARICOM Heads of Government Conference, Grand Anse, Grenada, July 1989.
- 2 V. S. Naipaul, *A Bend in the River*, London: Alfred A. Knopf, 1979.
- 3 World Bank, 'The New Trade Environment and Trade Performance in the Caribbean', *Caribbean Knowledge Series*, Washington, DC: World Bank, June 2014: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/07/17/000470435_20140717110916/Rendered/PDF/895320WP0The0N00Box385285B00PUBLIC0.pdf
- 4 See the World Bank's *Trade Logistics Performance Index*, at <http://lpi.worldbank.org/>
- 5 World Economic Forum, 'Global Competitiveness Report 2014-2015', at: <http://www.weforum.org/reports/global-competitiveness-report-2014-2015>
- 6 See World Bank, 'Doing Business', at: <http://www.doingbusiness.org/rankings>
- 7 Norman Girvan, 'Towards a Single Economy and Development Vision, Report by Norman Girvan', University of the West Indies, in collaboration with the CARICOM Secretariat and the Special Task Force on the Single Economy, 2006: http://www.caricom.org/jsp/single_market/single_economy_girvan.pdf
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