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THE CONCEPTS AND ACTIVITIES OF INTEGRATION WITHIN THE CARIBBEAN BASIN: IS THERE AN AGENDA FOR THE 21ST CENTURY

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I. INTRODUCTION:

The Premises and Factors Influencing Integration in the Caribbean Basin

Participation in regional integration projects is a feasible way for developing countries to simultaneously survive social, political, and economic challenges, and handle internal, regional and global dynamics. This grandiose venture has increasingly been the topic of scholarly discourse. After having briefly observed the countries in the British West Indies and their quest to establish a Single Market (SM), Charlatans and students of international political economy may question the viability of the initial project. Occasionally, even integrationists do question the validity of this enterprise among underdeveloped countries. There was good reason for scepticism in the inception. Apart from Guyana and Suriname located on the South American continent and Belize in Central America, all the other territories are *insular*. Considering the state of affairs in logistics in the 1960s, one would not have necessarily expected many successful moves towards regional integration among developing countries that possessed this *characteristic feature*; mainly due to them not having any outstanding comparative advantages, unavoidable high costs to set up transport facilities along with high freight rates, and the anticipated intra-regional competition for foreign investment and trade that frequently undermines such endeavours. A similar degree of scepticism may prevail, when one considers the numerous hindrances that have plagued this grouping over the last four decades.

The new era of increased interdependence, due to ongoing processes of modern globalization, has made it tougher for small underdeveloped economies to achieve initially anticipated levels of success within their respective regional integration schemes. Notwithstanding this fact, free trade within regional settings does provide substantial gains for

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all parties. It leads to relative *equalization of opportunity costs* between countries and, therefore, should retain paramount position on the government agendas of developing countries. Cernat (2003) shows empirically that regional trading arrangements (RTAs), in essence, create new business opportunities and thus increase trade. Schiff *et al* (2003) agree, but also acknowledge the need to have a clear understanding of the rationale and consequences of such enterprise. Though adequate data on all aspects of Caribbean integration is not always readily available, the observed tendencies, including levels of governmental and other organizational analysis, within the basin area, do provide evidence of an ongoing process of strategic collaborative effort. Such perception provides the main motivation into this inquiry, which is focussed around four normative questions: (1) What are the processes involved in realizing the primary objective? (2) Is there a structured direction of activities connected with the primary objective? (3) What are the gains from integrative actions among the states within the Caribbean Basin area? and (4) Are the societies in the Caribbean Basin area better off from integrative processes?

Decolonization in the Caribbean

The English-speaking societies in the Caribbean Basin area embarked upon their process of decolonization and integration in the 1960s, as a result of factors that are still pertinent to their political economy today: (a) increased public awareness of prevailing socio-economic conditions, mainly disenfranchisement and poverty; (b) threats to the *status quo* in the region by hostile agencies made possible by Great Britain's willingness to withdraw from administrative duties and trade preferences in the West Indies, in anticipation of entry into additional contracts with European integration entities; and (c) the Charisma and organizational skills of local leaders, such as Jamaican leaders, Alexander Bustamante and Norman Manley, who hold prominent places among the list of politicians at the forefront of the struggle for sovereignty in the West Indies and the developing world. Both became very vocal during the turbulent 1930s, when they took domestic socio-political activities beyond the mere foment of resentment toward the British elite; they organized groups in the fight for social justice and national emancipation. Their demands were later voiced and endorsed, in 1945, at a meeting in Barbados, where West Indian delegates converted the earlier established British Guiana and West Indian Trade Union Congress into the Caribbean Labour Congress. This organization later became a concentration of the most radical and progressive forces to fight for independence in the region (Mazurczak, 1988). Moreover, specific demands were relayed to London, which prompted an almost immediate response. The British Secretary of State for Colonial Affairs, Oliver Stanley, proposed a West Indies Federation "as a means of transformation" at a conference held in September 1947, in Montego Bay, Jamaica. By 1951, the region's leaders had accepted Stanley's proposal and were soon on their way to coordinating activities that led to the creation of a Regional Economic Commission, in 1958; which embraced the British West Indies, British Guiana and Belize in the form of the British West Indies Federation, however, that concept was aborted, in 1962, as the main constituent territories chose to be independent entities and acquired sovereignty in the 1960s.

The Need to Tighten Political Co-operation in the Caribbean

From the realism perspective, the Caribbean Basin area constitutes the most vulnerable border of the USA. As newly independent states in the 1960s, British West Indian government authorities inherited not just geographically fragmented regional units but a very fragile socio-political environment; which almost immediately provided opportunity for possible threats from subversive activities, and for successive administrations in Washington to extend the USA's harsh traditional methods "to protect its vital interests" in the region, according to Molineu (1990). This underlying feature provided ample impetus towards political cooperation as a means of cohesive and effective defence, and subsequently led to a series of radical events throughout the 1960s, 1970s and 1980s. It was within this context that premises for a distinct political entity, to serve as a basis on which the region would eventually become empowered and attain self-determinism, were construed. The first came from the President of Guyana, Forbes Burnham, shortly after he assumed leadership of the British Guiana Labour Union (BGLU) in 1952. According to Burnham, "it is impossible for a Trade Union, or any society, to have any vitality and play its proper role, in the scheme of things, in the context of developing nations, unless it takes an intelligent interest in politics to the benefit of all"[1]

He reiterated his position at a meeting with delegates from Barbados, Jamaica, and Trinidad and Tobago, on March 8 1964. In his keynote address, Burnham went beyond his admonition for regional support of structures embracing *national interest* and advocated that Caribbean politicians "think in terms of an even wider Caribbean Community" as the most efficient strategy for eliminating outside interference in regional problem solving processes and preserving the region's sovereignty. On May 7 1964, Trinidadian Prime Minister, Eric Williams, emphasized the numerous social and economic benefits already derived from regional groupings in Europe, Africa, and Latin America at the United Nations (UN) headquarters where he presented a paper in which his government firmly argued for independence for all territories in the West Indies. The monologue advocated political unity as the most feasible and coherent strategy in the quest to increase and guarantee regional stability and sovereignty. According to Dobrzycki (1986), this proclamation officially brought the regional agenda to the forefront. The objective was thereafter endorsed by many public figures at international forum and gave Caribbean politicians an opportunity to petition to the global community, which contributed to the intensity of international relations in the Caribbean at that time. For example, the first Vice-Chairman of the Cuban Council of Ministers joined Burnham and the Prime Minister of Antigua, Lynden Pindling, in criticizing, what they defined as, the replacement of the *Monroe Doctrine* with "an ideologically motivated interventionist American policy in the region".[2] This aggressive regional strategy placed the Caribbean Basin area higher on the priorities of American policymakers and, as Molineu (1990) observes, made the US government willing to intervene on the pretext of "protecting the Panama Canal". Such awareness prompted regional state managers to pledge full support for tightened security co-operations that culminated with them endorsing all expansionary provisions of integrative action in the 1980s.

Escalating crime and wanton violence, associated with the illegal narcotics production and trade of guns, led to declining levels of public safety, by the end of the 1990s. Because of the imminent threat to government integrity, Caribbean administrations have been compelled to systematically reassess their regional security strategy. A commendable step was taken with the creation of a Regional Task Force on Crime and Security in 2001. But its initiation, though timely, was, for unclear reasons, delayed while crime was allowed to escalate which has cost billions to the regional tourism industry and insurance agencies. Criminal activity has proven to hinder the economic growth and prosperity of regional economies; primarily due to the huge amounts of financial resources directed at fighting crime and the reduction of income revenue from the tourism industry. As poor public safety situations intensify socio-economic frustrations, emigration, a negative side effect, has created an additional challenge for regional development. According to calculations by Docquier and Marfouk (2004), Caribbean countries have the highest emigration rates in the world, with losses in excess of 50% of their labour force in the tertiary education segment. Conversely, regional immigration is providing opportunities to consolidate the integration process from outside the area through remittances. These circumstances led to a connection of the Diaspora and Private Sector Forum in June 2007, in Washington D.C.

where Caribbean administrators convened to develop a 20/20 vision for regional development. CARICOM Secretary General, Edwin Carrington, and current CARICOM Chairman, Ralph Gonsalves, both underscored the Community's objective for this millennium in keynote addresses: the primary purpose of subsequent delegations to rich industrialized nations would not be "to plead for more aid", though urgently needed; instead, CARICOM is seeking to forge new strategic relationships for the social and economic advancement of all its constituents, present and future. Current analysis re-emphasizes the significance of cash flow to the region from expatriates. According to Terry (2005), Latin America and the Caribbean is the largest recipient of remittances; flows exceeded combined flows of FDI and official development assistance to the region in 2003. Acosta *et al* (2007) show that, as a major source of income, remittances have increased growth and reduced inequality and poverty in the region. At the same time, American politics is continually being influenced by expatriates from the region; mainly through the part they play in advice and counsel in Washington, D.C. and reinforced by the remittances they send back to their countries of origin. Accordingly, these funds are increasingly playing a larger role in the advancement of commerce activity region-wide where this financial input contributes to the upward mobility of small businesses, increases capital accumulation, consumption gains, and production gains from domestic reinvestments. But most of the profits from the transfer of funds go to companies like Western Union. The Diaspora from the greater Caribbean area in North America has an opportunity to proactively leverage this financial potential of Caribbean immigrants. To this end, regional administrators ought to establish a banking institution to cohesively align with the expanding Caribbean-American Chamber of Commerce (CACC) and gain control of the profits from this mechanism.

In adhering to the most recent report of the World Bank and the United Nations Office on Drugs and Crime (UNODC), entitled *Crime, Violence and Development: Trends, Costs and Policy Options in the Caribbean*, CARICOM Inter-Sessional Meetings of Government have reaffirmed regional stability as a *sine qua non* of retaining talent, industrial development and increased production. Meticulously investigating allegations of administrative corruption will result in more than positive change in corporate governance; it will help restore confidence in law enforcement agencies. Furthermore, analysis of the source of social pathology, by appropriate panel of specialists, would inevitably need to focus on the adverse effects on the region's economic performance and present recommendations with a follow-up system to evaluate progress. This should be followed by a system of Community Oriented Policing

Services (COPS) and a collaborative system with anti-crime Task Forces in North and South America.

The Need to Expand Economic Collaboration in the Caribbean Basin

It is within this context that premises for commerce integration were first construed. The Prime Minister of Jamaica, Michael Manley, joined Burnham in advocating a unilateral approach "to make maximum use of all economic tools and machinery, in a concerted move to accelerate the rate of industrial development of the entire region, especially that of the less affluent members". Though they were seemingly receptive of the trade models propagated by the region's stalwarts in international economics, such as Sir Arthur Lewis, and recommendations provided in research papers published by William G. Demas (1976; 1978), both Burnham and Manley were soon on their way to radicalizing the political scene of the West Indies. In fact, Manley emerged as a major spokesman for the developing world articulating the case for a New International Economic Order (NIEO). In 1974, Burnham joined him in proclaiming their staunch conviction on political economy: the government's commitment is to ensure that all national development takes place in accordance with the needs and goals of the entire society; because guaranteed non-discriminatory business activity is a powerful *catalyst* for the socio-economic and security advancement of a society. They were soon at the forefront of administrators from developing countries openly adhering to *dependency theory* and criticizing free-market Capitalism, particularly the private sector and, what they perceived to be, "unfair" international trade practices. According to the pair, the private sector is guilty of "stealing from the populations of developing countries" and suggested that the wealth of the world be "redistributed in favour of the poor".

It remains quite difficult to pin point the meaning of "redistribution" as used by Burnham and Manley at the time. But from a pragmatic perspective, this "redistribution" would only be achieved through increased production and export on the part of developing countries, along with the simultaneous implementation of a new deal in world economics; in the *terms of trade* between nations. The 'income terms of trade' is of primary significance here; it measures alterations in the import *purchasing power* of exports, which provides pertinent information and ultimately makes allowance for changes in the volume of exports of respective countries. It is defined as *Qx.Px/Pm*, where *Px* and *Pm* represent price indices, and *Qx* is an index of export volume with the same base year as the two price indices. In other words, it is an index of total export receipts (price times volume) deflated by an import price index.

In his keynote address at a meeting of the Commonwealth Heads of Government held in Kingston, Jamaica, in 1975, Manley proposed a “North-South” dialogue as the most effective strategy for leaders of the developing world to embrace as they seek to take advantage of new trade agreements with the developed world; it would provide immense means of globalizing and diversifying Third World trade and development. Subsequent to this conference, he renamed the Jamaican private sector the “productive sector”. If this were meant to be an act of encouragement for his regional peers, Manley surely got their attention; but while he moderately directed his government towards alignment with the Eastern bloc and made attempts at Socialism, Burnham radically modified Guyana’s *political business cycle* and led his society on towards nationalizing all foreign and private-owned companies. In the quest to enhance the production capacity of their economies and improve the distribution of assets (especially land and education), successive administrations from these states have been intensely involved in aspects of political rhetoric aimed at the localization of foreign businesses that has been detrimental to their industrialization aspirations.

As was the circumstance on the dawn of their independence, the territories in the British West Indies remain underdeveloped. Excessive dependence on the export of traditional agricultural crops and other commodities of primary production; low economic growth; high unemployment rates; high inflation rates; drastic population increase; and the monopolistic lopsided penetration of the economies by foreign enterprises are among the main reasons for underperformance. These conditions make life exceptionally harsh in the smaller less-developed territories as well as in rural areas of the more-developed ones, and ought to stimulate intense socio-economic reflection (Stemplowski, 1980). Economic volatility and the disproportionate manner of industrial development in the region constituted the main reasons for a move to integrate the Caribbean market in the 1960s, according to Brewster & Thomas (1967); and is still a major area to be addressed on the dawn of the 21st Century. Though there have been overall improvements in GDP, Klak (1997) observes that the effects of neo-liberalism have amplified existing challenges for Caribbean policymakers and citizens. Case in point: poverty levels remain high. Surveys conducted by the Caribbean Development Bank (CDB) in 2002 showed the following percentages existing below the poverty level: Haiti-65%; Suriname-63%; Belize, Dominica, Grenada, Guyana, St. Kitts and Nevis, St Vincent and the Grenadines,-30-40%; Anguilla, the British Virgin Islands, St. Lucia, Trinidad and Tobago, Jamaica, the Turks and Caicos Islands-20-30%; and Barbados-15-20%. The

Caribbean Trade and Investment Report 2000 and the *Human Development Report 2005* both show that the Human Development Index (HDI) had deteriorated between 1991 and 2005. Regional administrators and businesses may find standard deviation recommendations presented in empirical finding by Besley and Burgess (2003) applicable to their process of alleviating poverty.

Current modes of production and the consolidation of the North American Free Trade Area (NAFTA) is a factor influencing the tightening of economic activities in the Caribbean basin. Since the 19th Century, commodities of *primary production* have been the major component of CARICOM countries' exports, all of which have low and unstable international prices and are produced at lower costs in Mexico. Consequently, the region stands at a disadvantage in current global competitiveness. After attaining independence, regional integration projects and assistance from international financial structures (such as the World Bank, the International Development Bank-IDB, and the International Monetary Fund-IMF) led to diversification of economic activity region-wide; however, due to their relatively small size, lack of economies of scale potential, and slowness in implementing modern techniques in the agriculture sector (namely in the rice, sugar and banana industries), this dependence has hit the region hard during the last two decades. Even though some progress was made in diversifying the regional economy, manufactured goods still account for a small percentage of regional exports. Furthermore, deteriorating preferential market access arrangements, established under the 2000 Cotonou Agreement, with the EU (especially critical to regional banana and sugar production and export), low productivity, and the inability to compete with major producers of similar or same produce (such as Australia, Brazil, Cameroon, Cuba, Ecuador, India, the Ivory Coast, South Africa and Thailand) are central to challenges of CARICOM in this millennium. Simultaneously, many positions in *strong factor intensity* production sectors are being eliminated as jobs are taken over by automation. Prevailing conditions in Guyana's agro sector underscores this plight. With operations in the sugar sector accounting for half of the annual total export earnings of this country's agricultural activities, the government of Bharrat Jagdeo is struggling to fully mechanize and diversify the country's sugar industry. With this resolution comes an even bigger challenge. As the industry is *labour intensive*, transformation is inevitably connected with efficiently being able to provide alternative occupation for the more than 18,000 workers, employed by the Guyana Sugar Corporation (GUYSUCO), whose livelihood is at risk, mainly due to price cuts placed on small economies like Guyana and the nations of the Africa, Caribbean and Pacific (ACP) grouping. On a similar note, the Guyana rice industry is being threatened by high input costs. In June 2007, the Guyana Rice Producers Association (GRPA) cited that the cost of urea (an important fertilizer used in rice cultivation) has increased between 50-75% per bag since the last crop was harvested. Increasing costs of production and low prices on international markets makes regional agro industry less competitive; to the point that it has become more feasible for Jamaica to import rice from the USA than from Guyana. The figure below shows the current situation of regional CARICOM agriculture sector produce on global markets.

Competitiveness of Agricultural Commo dities in CARICOM members

Country	Bananas	Sugar	Rice	Other Commodities
Jamaica	Not Competitive, low yields and high costs compared to Latin America	Not Competitive, mainly because of relatively high production costs		Traditional export crops not competitive; Non-traditional more competitive
Suriname	Not Competitive, low yields and high costs compared to Latin America		Competitive	Fisheries, fruits, vege-tables Competitive; Livestock Not Competitive
Guyana		Not Competitive, due to high prod-uction costs, des-pite comparative yields	Competitive	
Trinidad & Tobago		Not Competitive, due to low yields ad very high costs		
Bahamas	Not Competitive, subject to Customs protection			Grapefruit, cattle and sheep produc tion, Competitive; rest of the crop sector, swine, poultry and cut flow-ers, Not competitive

*Source:*http://www.caricom.org/jsp/community/regional_issues/CTIR2005/Chapter%20XV%20CTIR%202005.pdf Access at this site in April 2007.

Thus, *insufficient diversification of production* and the *agricultural export component* of the region's economy remain major challenges yet to be successfully tackled in the 21st Century. With the same token, CARICOM has been slow in the pursuit of developing *heavy and technology based industrial capacity*, which has come under constructive criticism recently. Criticism positioned in tomes by specialists of international economics is based on a profound premise: *the wealth effect of technical progress is always positive*. Yet emphasis is continually being placed on expanding a traditional sector of the regional economy: tourism, while CARICOM has been loosing significant world market share to newly emerging, low-cost tourism destinations elsewhere in the Basin area, as evident in the period 1990-2001.[3] And the vagaries of the weather, which have adverse effects on agricultural production and tourism makes it imperative for the Community to increase its *economies of scale* and *scope* through the scrupulous diversification of industries and production.

Regional integration provides significant opportunity for savings to be derived through the economic restructuring of certain sectors; however this restructuring is still being based on inaccurate notions of flexibility and sustainability, which starts with poor state planning. The situation of regional airlines provides the best case to this point. Although the *West Indian Commission*, in its *Time for Action Report* of 1992, strongly stipulated the creation of a single Caribbean airline, regional governments continue to support salvaging state-owned infeasible airline ventures. In as much as the government of Trinidad and Tobago terminated the functioning of its national carrier, the British West Indies Airways (BWIA), and invested more than US$250 million in a replacement Caribbean Airlines structure; Air Jamaica, Bahamas Air, and Cayman Airlines are all incurring hundreds of millions of losses in US$ per annum, all of which is sourced by government funds raised through taxes. On a similar note, the Community would do well to hasten the process of adopting a single regional currency. It is the foundation to successful operations of a single market; it facilitates the free movement of goods and services; reduces transaction costs; and would ultimately help to stabilize individual currencies.

Notable opportunities for improvement of commerce returns do exist in the areas of industrial development and fiscal adjustment. At the turn of the millennium, the Community continues to import nearly all of its capital goods; namely, general industrial machinery and equipment, rotating electric plants and precision parts, and specialized machinery for vital industries. Within this context, it is necessary for state managers to highlight a matter at the core of this prevailing counter-productive tendency: industrial development accountability. To date, much of the intra-regional industrial growth dynamics is generated by Trinidad and Tobago, which places excess stress on the financial surpluses of that country. Sachs and Warner (1995) contend that there is a noticeable tendency of lower than average performance in resource-rich developing countries. Within CARICOM, this is evident in the relatively poor performance of the three continental member-states, each with immense natural endowments: Guyana, Belize, and Suriname. Case in point: although she is a nation with competitive advantages, Guyana could not be referred to as an emerging market, because she still does not have sufficient access to private capital markets. By creating a proactive industrial development strategy, these resource-rich member-states stand to gain FDI increases that are necessary for accelerating their industrial development and improving their input. This would assist in ameliorating regional performance, bolster expansionary market objectives and reduce the costs of integration. And here, Guyana has an excellent opportunity to learn and adapt from the trans-Caribbean financial operations in her closest and most industrialized cultural neighbour, Trinidad and Tobago. On a similar note, regional indebtedness remains a hindrance in development and integration efforts. Countries in the Basin area are among the most indebted emerging markets in the world. For instance, when listed according to their primary fiscal balance and public-debt-to GDP ratio in 2004, seven English-speaking Caribbean states were in the top ten of the world's Heavily Indebted Poor Countries (HIPC). With a debt ratio in excess of 90%, Antigua and Barbuda, Belize, Dominica, Grenada, Guyana, Jamaica, and Saint Kitts-Nevis made that unenviable list. Sahay et al (2006) encourage active debt management as a feasible means of reducing debt service and or interest costs. This is typically achieved through lengthening the maturity and contracting new debt at lower interest rates. In essence, premises of regional Caribbean integration are results of a *geographically balkanized set of underdeveloped economies that individually lack scale and scope*. Hence, each strategy would be aimed at achieving a concerted regional effort in attaining stability and attracting foreign capital as the major strategy to economic development.

II. THE CREATION OF INTEGRATIVE ORGANIZATIONS IN THE CARIBBEAN

In as much as there may seem to be significant similarity between the nation-states aspiring towards a respective regional integration scheme, a popular presumption often made about the nations of the British West Indies, individual countries tend to have industrial sectors which reflect their size, level of per capita income and resource base (Chenery, 1960; Chenery & Taylor, 1968). Processes undertaken in Caribbean regional integrative venture from the inception underscore this fact. Though there was consensus on the need for change, there was slight discord on what would be the most appropriate way to realize this, which resulted from existing differences of ideologies of political economy. In contrast to the smaller relatively less endowed countries where proposals for modification were positively considered, administrations of the territories with larger resource bases (for example, Guyana, Jamaica and Trinidad and Tobago), were more willing to embrace *economic* *nationalism*. Nevertheless, while brainstorming, the almost overwhelming problem of regional underdevelopment made Commonwealth Caribbean leaders favourably consider the numerous benefits achieved since the inception of the EEC and similar already functioning integrative organizations in Central and Latin America (Dobosiewicz, 1979).

Four basic paradigms were initially employed to generate economic development in the Basin. The first to be considered was the Puerto Rican "Bootstrap" formula (industrialization by invitation) that was successfully introduced in management of that Caribbean island's economy in the 1940s. According to the underlying principle of this strategy, a developing country stands to benefit immensely by aggressively attracting foreign investment through a series of domestic incentives but with a few restrictions placed on the foreign capital influx. The second considered was the "Economic Commission for Latin America (ECLA) Model", which was promoted by Argentine Economist, Raul Prebisch, and the ECLA. The third, in essence, was a concept of economic integration that emphasizes the need to attain development through the following: complementarily consultation with the various entities involved; specialisation; co-ordinated location of industry; and preferential assistance to the less-developed participants. Emphasis on this strategy had led to the successful creation of the Central American Common Market (CACM) in 1960. The final model could be simply defined as the participation/partnership mode, which stipulates co-ownership of developmental enterprises by the host state, or its nationals, and by foreign investors. This strategy, however, does provide opportunity for expanded governmental involvement and/or majority shareholding (though not necessarily their control of operations) in what formerly would have been referred to as the private business sector (Erisman, 1984).

The 1960s marked the period of inter-territorial cooperation, with the creation of CARIFTA. As it focussed on two crucial strategies of economic integration: (a) the phased freeing of trade approach; and (b) the integration of production approach, (Axline, 1979) concludes that it provided the original catalyst for a region-wide free trade process. Initially, being bundled together under one institutional umbrella,[4] posed challenges for the newly formed West Indian integration organization; it was soon engulfed with internal bickering and trade disputes. Dissatisfied with prevailing socio-political conditions, the grouping sought to resolve issues through pragmatically streamlining its members into two main sub-divisions: (a) The More-Developed Countries (MDCs) namely, Barbados, Guyana, Jamaica, and Trinidad and Tobago; and (b) The Less-developed Countries (LDCs), which consisted of the remaining nation-states. Though most matters were preliminarily addressed within these sub-groupings, the tardiness of policy implementation for the *harmonization of fiscal incentives and a common external tariff*, remained primary hindrances to the collaborative effort; and it is within this setting of frustration (at not being able to urgently execute change) and perceived ineptness that consecutive stages of regional negotiations were pursued.

Being the smaller units, the LDCs were proactive in finding solutions to their socio-economic issues. Threats posed by larger institutional frameworks in international political economy, especially the hemispheric ones within which they found themselves, motivated their policymakers to consider the *infant-industry argument*, which focuses on granting young and rising nations temporary protection within integrative programmes. As a result; theirs was initially an alternate path towards regional integration. To gain leverage internationally, the LDCs first sought to obtain experience necessary for the independent managing of their political economy by acquiescing to invitations from some politicians in London and opted for a period of joint administrative cooperation. Their first organizational interaction took place in the form of extended collaboration with Great Britain, which began, in 1962, and resulted in the creation of the West Indies Associated States Council of Ministers (WISA) in 1966. This was primarily an institutional framework for consultation and provided adequate opportunity for brainstorming and problem solving; however, this venture prolonged their colonial experience. By the end of the 1960s, the LDCs were either still under colonial status or in a half way state of “Associate Statehood” with London, and found themselves faced with: (a) being neglected after the United Kingdom’s (UK) entry into the EEC; and (b) involved in a regional Caribbean integration movement within which they could not negotiate from a position of advantage. Both circumstances significantly threatened the political economy of this group of mini-states. Economically, they stood to loose previously existing “special” treatment for sugar, citrus, bananas, and other exports, as well as the loss of British absorption of annual government budget deficits. Politically, the LDCs would be coerced to remain within a larger Caribbean integration organization where they were almost sure to retain a status of subordination and disenfranchisement. It was in this circumstance of urgent need for action that Deputy Prime Minister of Saint Kitts, Paul Southwell, and the Premier of Dominica, Edward Le Blanc, came to prominence after they skilfully manoeuvred political opinion in the sub-region towards harmonizing their economic policies through the removal of existing barriers to the *free movement of factors of production*, as a preparatory phase of entering the larger Caribbean integration scheme. As a result, the

East Caribbean Common Market (ECCM) began to officially function on April 27 1968. It has since played a major role in the advocacy for a better place for mini nation-states among developing countries.[5]

The common interests of the MDCs and LDCs were acknowledged in 1973 with the signing of the *Georgetown Accord* and the *Treaty of Chaguaramas*, which formally established the Caribbean Community and Common Market (CARICOM).[6] It is important to note that though this treaty was first signed by the MDCs, subscription to this agreement by the LDCs shortly afterwards (after consultations were held) testifies to the significance of giving consideration to the needs of all entities in such ventures. Some analysts unequivocally underlined this fact: in order to avoid stratification, it is necessary to consider *Paretian ethics* along with *compensation principles* and the needs of all parties in regional integration schemes (Alleyne, 1976). It clearly depicts keen understandings of the dynamics of international economic integration on the part of Caribbean leaders. In their quest to find a workable solution to the innate inequalities in the region, state administrators and the academia in the English-speaking Caribbean territories have pursued a course, defined by Tinbergen (1954; 1963) as *positive integration*: aspects of regional integration concerned with the modification of existing instruments and institutions and the creation of new ones, for the purpose of enabling the market to function effectively, and also to promote other broader policy objectives of the regional political setting. (Conversely, Tinbergen advocates avoiding *negative integration*: those aspects of regional integration that simply involve the removal of discriminatory practices and restrictions on movement of factors of production.) In essence, moves towards integration of markets, within the CARICOM grouping, were stimulated by the need to facilitate import substitution and industrialization at the regional level after national opportunities were exhausted, since the size of individual domestic markets is a major constraint to production. In sum, the Community agreed on: the harmonization of fiscal incentives to industry; the avoidance of double taxation; the establishment of the Caribbean Investment Corporation (CIS) as an institution to transfer development benefits in the form of equity-capital to the LDCs; and other pertinent measures and agencies to enhance and speed up regional integration.[7]

The initial catalyst for integration in the Caribbean Basin ignited in the smaller territories and grew from concerns over incapability of sustaining the development of their economies and efficiently adapting to dynamic changes that take place in global markets. It was within this context that the smaller island states of the British West Indies made moves towards establishing a separate structured framework within which they may pursue their developmental goals after they gained independence (Lestrade, 1979). On June 18 1981, government officials from the LDCs signed a *Treaty of Basseterre* (named after the venue-the Capitol City of Saint Kitts and Nevis) that formally created the Organization of Eastern Caribbean States (OECS).[8] The main objectives of this integrative unit are: to promote industrial development and economic integration among the members; to accomplish the highest level of cooperation on security matters among the members, and with the wider Caribbean region and the international community; and to harmonize their foreign policy and fully collaborate on fulfilling the grouping's international obligations. Two years later, this organization established the Eastern Caribbean Central Bank (ECCB).[9]

The Evolution of Further Integration within the Wider Caribbean Basin

Within CARICOM, the consensus on foreign policy theme throughout the 1980s and 1990s has been one that emphasizes the need for a common external economic strategy to limit the dislocation to the region caused by dynamic changes in the global economy. Clark (1998) and Robson (1998) observe that, within regional integration schemes, nation-states, especially small ones, may transition into more viable entities by adopting and re-enforcing protective measures that go beyond the institutions of a common market, in their quest to seek satisfactory gains necessary for them to remain viable in a more demanding and competitive international political economy. In 1992, a task force of regional diplomats and academicians, headed by Sir Shridath Ramphal, William Demas, Roderick Rainford, and Alister McIntyre proposed modifications for the Community, through pragmatic considerations of "ever-widening circles of kinship" between CARICOM, the wider Caribbean archipelago and mainland Latin American nations, in the form of a *West Indian Commission Report*.[10] According to the documents and reports from regional government administrators and analysts, the primary objective is to consolidate efforts towards interdependence as a means of avoiding marginalization in the 21st Century (Bourne 1988; Gonzales 1998; Hall & Benn 2000; Carrington 2001; Girvan 2001, 2002). By aligning with larger integrative units, small integration organizations have an opportunity to become more viable *engines of growth* and thus increase their proportion of global trade. In an attempt to infuse the integration movement with renewed impetus, CARICOM officials unanimously agreed to use the leverage granted them in Articles 29 and 30 of the Treaty of Chaguaramas, which provides for any territory in the Caribbean Basin area to accede to the organization.

As a result, there has been tightening and deepening of CARICOM relations with Latin American states, which has helped replace some of the fear, still existing in English-speaking societies, of being dominated by their Spanish-speaking neighbours. And the crucial need to be energy efficient has provided more impetus for this change. The initial Regional Energy Action Plan (REAP) adopted in July 1983, in Port-of-Spain, Trinidad and Tobago did not yield expected benefits, however, changing circumstances in the international political economy, primarily the high price of crude oil (a source of energy upon which nearly all CARICOM countries are sole dependent; for instance, Jamaica and Guyana, both MDCs, import more than 90% of their energy) has contributed to this tendency of closer relations with non-CARICOM hemispheric neighbours. Most recent case in point; a series of consultations that began on August 24 2004, in Kingston, Jamaica, between CARICOM member states[11] and Venezuela, culminated with a conference at which the majority signed an energy cooperation agreement with the government of Venezuela, in June 2005, dubbed the *PetroCaribe Initiative*. Under the terms of this agreement, a new company, *PetroCaribe*, would be established to provide crude oil and refined petroleum products[12] to Caribbean countries at lower than international market prices ($43-49 per barrel at the time). Accordingly, a Regional Energy Initiative (REI) was launched by year-end 2005. Subsequent to this arrangement, a South American energy integration scheme has been proposed that would involve the construction of two gas pipelines, dubbed: a Great Pipeline of the South; and a Trans-Caribbean Pipeline.

The general CARICOM government consensus to align with Hugo Chavez's collaborative programme, which is part of his overall *Bolivarian Alternative for the Americas* (*Alternativa Bolivariana para las Americas*-ALBA-an economic, geopolitical, integration alternative to counter the Free Trade Area of the Americas-FTAA), shows a shift in the foreign policy of the English-speaking Caribbean political elite. Traditionally, the region's governments have been divided over relations with nations whose heads of state were not on friendly terms with the US government.[13] Such was the case of relations with Fidel Castro's Revolutionary Government in Cuba; however, energy needs seem to have given the regional integration enterprise a necessary boost just as it did for the initial stages of European integration process. This and other perceptions of common vulnerabilities motivated commitments to expand trade between CARICOM and the Central American Integration System

(SICA), at a joint summit of heads of state, held in Belize City, Belize, on May 12 2007. An earlier established Free Trade Agreement (FTA) between CARICOM and Costa Rica stands to immensely facilitate this venture; it provides for accession by other nation states in the two sub-regions. Thus, if ever fully implemented, these *industrial and energy issue-driven dynamics* have the potential to swiftly consolidate the hemisphere in this millennium.

The Caribbean Single Market and Economy (CSME)

According to Hall and Benn (2003), the deepening of the phenomenon now commonly referred to as globalization and the subsequent expansion of regional economic entities worldwide triggered increased dialogue and contemplation among CARICOM member states on ways and means of increasing their global competitiveness; of remaining viable trade entities; and achieving sustainable economic growth for all Caribbean populations. Subsequent to this mindset, a timely modification to regional Caribbean integration, in the form of a CARICOM Single Market and Economy (CSME), was established at a Conference at Grand Anse, in Grenada, in 1989. The main objective of this appendage, to the regional integration treaty, is the tightening of business ventures that will ultimately provide for the *free movement of goods, services, labour and capital*, and thus establishes a new set of provisions aimed primarily at *enhancing the region's competitiveness*.

To simultaneously accomplish the desired end result: a Single Market and a Single Economy, participants have agreed to and signed nine crucial Protocols, which were subsequently consolidated into a *revised* Treaty of Chaguaramas in 2001. These Protocols are concerned with the following: (a) Restructuring the Organs and Institutions of the Community; (b) Agreeing on Rights of Establishment, Services and Capital; (c) Coordinating Industrial Policy; (d) Coordinating Trade Policy; (e) Coordinating Agricultural Policy; (f) Coordinating Transportation Policy; (g) Considering Disadvantaged Countries, Regions and Sectors; (h) Implementing rules of Competition Policy, Consumer Protection, and Dumping and Subsidies; and (i) Rules of Dispute Settlement.[14] Moreover, stipulations include, *inter alia*: (a) Policies for developing the following sectors: essential industries, services, tourism, transportation, agriculture, aquaculture, forestry, mining, human resources, technology, ecosystems, and the protection of intellectual property (Chapter four, Articles 51 to 67); (b) Policies for harmonizing community investment incentives, and developing a genuine Caribbean Investment Code (CIC) (Articles 68, 69); (c) Policies for implementing fiscal and monetary strategies (Article 70);

(d) Policies for the harmonization of legislation, to include company laws, intellectual property rights and standards (Article 74); (e) Policies for establishing and integrating financial infrastructure, mainly capital markets (Articles 44, 71); (f) Policies for avoiding double taxation (Article 72); (g) Policies created to advance intra-regional and global industrial relations (Article 73); and (h) Policies for the improvement of regional social infrastructure (Article 75). In light of these principles, the CSME officially began to function, on January 1 2006; with this initiation, the chance for the creation of a CARICOM Single Market (CSM) was secured, as reported by the *CARICOM View*, on January 30 2006. In sum, the CSM sets out, as primary objectives: (a) to fully integrate respective national markets into a single unified market; (b) to widen the market area of the entire Community; (c) to actively promote the production and export of internationally competitive goods and services originating from within the organization; and (d) to secure the *most favourable terms of trade* for goods and services exported by the union to third parties.

The Association of Caribbean States (ACS)

The period of renewed dynamics towards tightening trade agreements in regional Caribbean integration that prevailed in the late 1990s represents a phase of evolution region-wide. Dominant within this ongoing process, is a strong propensity to create a greater Caribbean economic zone through mutually beneficial integrative projects. Although the initial steps towards including non-CARICOM countries ignited within the Community, there has concomitantly been unwavering interest in fostering security and trade relations with the organization that originated from outside this cultural environment. This is revealed in the tendency of Latin American government agencies and non-governmental organizations (NGOs) to associate with the Community on a wide array of common issues. Such is in accordance with recommendations made by prominent strategists of international political economy. As proponents of free trade policies, which are undoubtedly the major determinant of growth in underdeveloped countries, Haveman, Lei and Netz (2002) identify three main channels that lead to increasing economic benefits. First, integration enhances communication, which facilitates the transmission of technology. Second, integration increases market magnitude and adds potential, thus making it possible for societies involved to benefit from economies of scales. Finally, the functioning regional market with a larger volume of trade provides superior commodities and services, which result from the increased competition and research associated with industrial development. In the end, there is a higher level of security and consumers’ satisfaction is maximized. Accordingly, a Charter was signed by Latin American and Caribbean governments on July 24 1994, in Cartagena de Indias, Colombia, formally establishing the Association of Caribbean States (ACS).[15] Though they are all connected by a geographical or maritime commonalty, this phase of the regional integration process establishes a link between economies from different political and cultural backgrounds, which, according to Gill (1995), intensifies regional dynamics and presents new challenges. As core objectives, this entity seeks to address the traditional concerns of industrial and trade development, matters of globalization and the ecology. In official published materials on the ACS, the synopsis reads: to deepened and widen regional integration processes in the quest to establish a *viable* economic market within the wider Caribbean Basin area; and to cooperate on the preservation of the regional eco-sphere. As in the previous organizational phases of integration, the ACS treaty, in addition to its members, provides for Associate Members. The ACS accord also allows for Founding Observers and Social Partners,[16] and a major ancillary structure in the form of a business forum of the greater Caribbean, which resorts to *enhance the regional business environment through improving the competitiveness of companies belonging to ACS member-states regardless of each state's level of development or export potentials*. In essence, the aim is to transition from separate sub-regional trading units, such as the CARICOM market of 5.75 million consumers, to a potential ACS one of an estimated 200 million.

III. EFFECTS OF INTEGRATIVE ACTION IN THE CARIBBEAN BASIN

Analysts, observers, investors and consumers have different expectations of a SM, which makes assessing the effectiveness of integrative action a difficult task, especially in the *schema* of developing nations. However, it is important to systematically consider the tangible and intangible achievements in relation to the objectives of this process; for this is the only way to gauge the process, to determine whether or not free trade proponents and integrationists have a chance to triumph in the 21st century. This section examines the overall gains of integrative programmes in the region.

Political Achievements of Integrative Action in the Caribbean

The willingness of respective governmental administrators to devolve executive authority for the effective governance of a regional integrative scheme constitutes a major political accomplishment in itself and lies at the very core of every union. Since it was established in 1997, this representative role is performed by the Regional Negotiating

Machinery (RNM). It is the *principal* unit through which the Community coordinates strategic and technical issues under negotiation with global partners, to increase bargaining power and secure more gains for the region. Within this mechanism, CARICOM identifies and selects highly skilled and qualified candidates for positions on the governing bodies of key international organizations. To date, there is a long list of the Community's success at various forums in the international community that underscores these processes of *consensus* and *recognition*, and is, therefore, among its most impressive of political achievements. The negotiating expertise of Sir Shridath Ramphal, and other regional specialists, at the Organization of American States (OAS) and the EU underscores this strategy. Concerted diplomatic advocacy in support of the territorial integrity of Belize and Guyana, in their border disputes with Guatemala and Venezuela, is an excellent example of regional negotiating success. These diplomatic situations provided an opportunity for the organization to consolidate. Consequently, the Community helped Belize achieve independence and was instrumental in the structural expansion of a major hemispheric institution, the OAS; where CARICOM has successfully petitioned for the entrance of both Belize and Guyana.[17] Political negotiations have since yielded more than just *de facto* recognition of the sovereignty and territorial integrity of the English-speaking nation-states. There has been membership expansion within both sub-divisions of the Community. Suriname became a member on July 4 1995 and Haiti in July 2002. Furthermore, CARICOM now has five Associate Members: Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, and the Turks and Caicos Islands. Likewise, the OECS (an active sub-set of regional Caribbean integrative structures) has been able to quantitatively increase its ranks by attracting Anguilla and the British Virgin Islands as Associated members to its grouping. As a result of these conciliatory processes, the international community has grown accustomed to having to deal with a unified entity.

Traditionally, organizational politics begins at the very core of Caribbean administrative practice. At the domestic level of politics, involvement of sections of society, secured with the 1999 *Consensus of Chaguaramas* and a subsequent *Charter of Civil Society*, also consolidates the image of unity internationally. The inherent regional culture of political dialogue has led to *inclusion of Caribbean political opposition parties* as partners into the framework of consultation in the regional (and global) integration process, which provides an essential platform for domestic socio-political fortification and maintaining *democratic peace*, especially between races and social strata. In ethnically polarized Guyana, for instance, the predominantly black opposition party, the People's National Congress Reform (PNC/R), has been able to soothe disgruntled factions of its local supporters after being able to participate in decision making processes with local state managers many of whom are of East Indian ancestry. Thus, the impact of ethno-nationalist movements is reduced and a sense of consolidation is being projected there. In fact, political dialogue has also solidified the role of English-speaking countries in hemispheric organizations. Not only is Guyana the current official representative of CARICOM in the Rio Group;[18] she became the first English-speaking nation to host a summit meeting of that organization in March 2007. Simultaneously, the Community has been connecting with Latin American nations in foreign policy negotiations with major integration organizations. For example, CARICOM and the Dominican Republic are currently negotiating with the European Union (EU) for an Economic Partnership Agreement (EPA) with the aim of securing long-term economic aid, trade and investment commitments. This foreign policy cohesion follows relative diplomatic success at resolving a banana trade dispute with the CACM and the EU. In similar manner, the grouping has helped promote dialogue and mutual accommodation in the democratic elections in Haiti, a success acknowledged in the regional *Communiqué* in December 1990, and in similar fashion influenced a change in the attitude of the US Congress to the Cuban and Haitian refugee crisis in 1994 (Rainford, 1991).

According to Maingot (1987), the Community has progressed well and exhibits significant political cohesion, especially during crises. One of the most impressive political accomplishments was finalized, in March 2003, when the government of Antigua and Barbuda won an arbitrating dispute against the US government at the World Trade Organization (WTO). Though both governments had pledged to support common industries, the *motif* changed dramatically when an international situation developed after a regional alliance between American and local Caribbean gaming companies went sour. Initially, the deal led to established partnerships between North American and Caribbean public and private sectors; in contrast, the US government, for no apparent reason, went on to repeatedly violate its commitment to an international accord on the General Agreement on Trade and Services (GATS) by deliberately prohibiting, through legislation, the Internet delivery of gaming services from Antigua. This act subsequently had a negative impact on the island's labour force and revenue. After making futile attempts at engaging American government agencies in dialogue, this Caribbean government officially escalated its dissatisfaction to the WTO where investigative panels determined Antigua's accusation to be based on "facts" about

American discriminatory business practices. WTO panels later passed a ruling that dismissed a counter claim made by American lawyers in Washington, D.C. on behalf of the US government. This functioning reactionary system was crucial to the successful capture of the infamous "JFK bomb plotters" (natives of Guyana and Trinidad and Tobago) in Trinidad and Tobago in May 2007. The framework has also been instrumental in the apprehension of notorious drug cartel operators and is surely an asset in the current fight against terrorism from radical Islam in the Western Hemisphere.

Recently, the Community has been successful in foreign policy negotiations with Washington on matters that plague the basin area and create tensions in relations with the USA. The first concerns illegal immigration and the subsequent deportations of CARICOM nationals from US soil. This practice invariably fuels regional instability, as many Caribbean societies are ravaged with escalating crime associated with the return of recidivists. While abroad, they established criminal connections that are currently exploited in their home countries where relatively untrained and sometimes corrupt Caribbean anti-crime task forces make it easy for them to penetrate regional Caribbean and Latin American criminal networks; but it is not just criminal affiliation that propels deportees into crime. Many of these Caribbean returnees have been displaced from regional socio-economic realities for many years and no longer have any relatives residing in their countries of origin. And regional governments cannot provide support mechanisms to help with re-adaptation. Upon returning empty handed, fraudulent indulgence is their only means of existence, thus fuelling the vicious cycle of vice and poverty. In their quest to curb this situation, CARICOM leaders scored well, at a series of *Conferences on the Caribbean*, with the American President and Congress, in Washington, in June 2007. Negotiations with the US Assistant Secretary of State for Western Hemisphere Affairs, Thomas Shannon, guaranteed security screening for deportees, to ensure they are no additional security risks to the region. In addition, the governments of the most affected countries (the Bahamas, Guyana, Jamaica and Trinidad and Tobago) were linked to a previously existing US pilot programme with Haiti, under which they would be granted financial support to assist in preparing deportees to readapt into Caribbean societies through counselling, professional skills training, and with the establishment of small businesses. Thus, the English-speaking Caribbean is well on board with a solid platform to join Latin American governments in the quest to curb illegal drug trafficking, illegal trade of weapons and ammunitions, the illegal transportation of people, and other areas of vice, which provides huge opportunity to win the ongoing war on terrorism. Certainly, these and all other political accomplishments have resulted from negotiations at various forums, which constitute a necessary beginner phase in the quest to establish a framework for economic benefits.

Commerce Accomplishments of Integrative Action in the Caribbean

Due to their geography, the English-speaking Caribbean initially sought to adhere to a profound commerce strategy: all the territories need to genuinely integrate their fragmented insular markets into a more substantial one (estimated at just over five million potential customers), and to pursue all possible means towards improving returns from external trade and economic relations, which were all underscored in the main objectives of the Treaty of Chaguaramas and reiterated in Article 6 (c) of the revised treaty. Although Lewis (1992), Mandle (1996), and Marshall (1998) remain a bit sceptical about the "real" significance of economic progress made under the integration scheme, CARICOM has stood up to challenges of global markets and made progress in key areas of commerce activities. As a result of coordinated policy, intra-CARICOM trade had grown to an estimated 10% in 1981, mainly due to the adherence of regional governments to trade liberalization. Throughout the 1980s, intra-CARICOM trade ranged from 8.7% to 13%. This increase was especially helpful for the economies of the LDCs, where Dominica, for example, sent 42.3%, 56.8% and 61.5% of her total exports to Community member states in 1995, 2000 and 2004, respectively. By the 1990s, overall economic activity was enhanced, as depicted during the period 1995-2004 when the average percent per annum growth for total imports, extra-regional imports, and intra-regional imports were 6.1%, 5.8% and 8.4% respectively. The union also benefited from increases in intra-regional exports during the same period; with shifts in the region's total exports, extra-regional exports, and intra-regional exports rates of 7.0%, 7.4% and 4.5% respectively.[19] Re-exportation has come to play a significant role in the grouping's business enterprises. For the period 1995-2004, re-exports accounted for 5-10% of total exports to the CARICOM market. Both MDCs and LDCs benefit from this category; re-exports, as a percentage of their total exports, was assessed at 5-10% and 5-15%, respectively. Moreover, the region has been successful in the absorption of domestically produced commodities, with impressive results in some sectors. In 2004, for instance, the market absorbed approximated: 85% of animal and vegetable fats and oils; 48% of mineral fuels and related by-products; 46% of tobacco products; 33% of overall manufactured materials; more than 90% of wheat flour, biscuits, household and industrial detergents, cartoon boxes, packaging materials, paperboard and cement; in excess of 80% of aerated beverages, medicated soaps, and beer, wine and spirits.[20] CARICOM member states' improving economic standing is also evident in its increased trade with major regional integration organizations globally, namely: the EU, the North America Free Trade Area (NAFTA), the Association of Southeast Asian Nations (ASEAN), and the Southern Common Market (Mercosur). The most significant increases registered is with the area's oldest traditional trading partner, the EU, where CARICOM exports grew from 62.4% in 2000 to 67.6% in 2004; likewise, imports increased from 60.3% in 2000 to 66.2% in 2004. Simultaneously, the Community has also been increasingly trading with its hemispheric neighbours albeit through integrative units, in anticipation of a reduction in the demand for regional exports likely to happen with ongoing EU expansion plans and the subsequent erosion of preferences. For instance, in 2004, CARICOM sent approximately 83.6% of its global exports to hemispheric destinations, including the USA with whom the Community has since had a balance of trade surplus. An estimated 60% of exports went to NAFTA; while the region got approximately 61.1% of its imports from NAFTA. In fact, the dollar value of CARICOM exports to NAFTA more than doubled between 1995 and 2004, moving from US$2.0 billion in 1995 to US$5.7 billion in 2004.[21]

Established in 1969, the CDB remains at the forefront of regional *harmonious growth and development*. (It was instrumental in raising capital for the creation of ancillary structures such as the Caribbean Court of Justice-CCJ-that serves as the main dispute settlement mechanism.) This financial institution is currently at the core of developing strategies for the empowerment of small business ownership in the Community and Latin America. In 1995, it played an important role in the creation of a Technical Action Services Unit (TASU) attached to the Community Secretariat that has since fulfilled the mandate of swiftly dispatching specialists to member states to aid in times of need and to help implement executive decisions. Due to the speedy establishment and efficient function of auxiliary institutions, the CDB has contributed to noteworthy success in planning regional economic strategies in the early phase of widening the integrative process to non-CARICOM countries. The planning and successful execution of its 37th Annual Board of Directors meeting in Caracas, Venezuela, early last year, testifies to its capabilities in this essential role as an instrument in widening private sector partnership between the two sub-regions.

Through the establishment of the Council for Trade and Economic Development (COTED), the organization has an addition avenue for safeguarding its position vis-à-vis imports from third parties, which is realized through the implementation of a *Single Channel for Imports*, usually administered by a state trading corporation in respective members. Although this mechanism is often utilized by the LDCs, it has also been used to the benefit of the governments of Barbados and Guyana, both of whom endorse the premise calling for special considerations for small countries and have state and independent trading enterprises that exercise full control over the importation of stables, such as onions, wheat flour and poultry products, in bulk. In January 2006, the COTED permitted LDCs to suspend Community origin treatment on a list of MDC imports.[22] In light of this decree, tariffs are applied to specific types of commodities from MDCs for a given period.[23] Furthermore, special considerations, in the form of: safeguard measures, price control measures, import licensing measures, and import duties, to name a few; are in place as trade defence mechanisms for industries in the LDCs. Appropriate legislature is also functioning to sanction this objective. For instance, according to Article 164 of the revised Treaty of Chaguaramas, the group of LDCs has the right to suspend the Community origin privileged treatment of imports from MDCs, while seeking to guarantee protection of vital domestic industries, so that sensitive industries in LDCs are guaranteed some additional form of protection. Concomitantly, a similar approach to securing vital regional CARICOM industries has been noticed within the ACS framework. Case in point: in 2002, the West Indies Rum and Spirits Producers Association (WIRSPA) held its first meeting with counterparts from Latin America and other non-CARICOM countries to strengthen the negotiation position and sales processes of this traditionally important industry to the greater Caribbean area. Several meetings have since convened with the signing of an accord on the definitions and purposes of rum and its by-products.

The establishment of the regional Stock Exchange System (SES), in 1977, led to the creation of individual Stock Exchange mechanisms, which facilitated cross-listing and contributed to the movement of capital, both from intra-regional and global investments sources. In October 1991, the cumulative value of cross trading transactions was estimated to be in excess of US$13 million for that year. This persistent consolidated emphasis on holistic business development region-wide contributes to a significant degree of intra-regional investment being achieved since the start of the new millennium and, according to Demas (1992), is a fundamental contributor to success in the regional integration scheme. In 2000, cross-border capitalization accounted for the following percentages in security exchanges: Barbados-43%; Jamaica-36%; and Trinidad and Tobago-27%. By 2004, the percentages had increased to 49, 58, and 44%, respectively. With ample provisions on regional investment policy made in Articles 68 and 69 of the revised Treaty of Chaguaramas, specialized financial investment projects, defined as Trans-Caribbean Corporations (TCCs) have been laying the foundation for substantive regional economic integration. The Banking sector provides the best evidence of the dynamics of TCCs; however, TCCs are not limited to the financial segment. They have also been expanding their processes throughout the basin area primarily by mergers and acquisitions (M&A); increase the production potential in various industries (including those managing the internalization of foreign technologies); and thus assist in harmonization of the fiscal regime of the domestic business environment through their engagement. Firms in the MDCs are actively embracing the development of their smaller counterparts. As a process, it is an important component of regional market stability and growth. Thanks to her *factor abundance* (physical abundance: petroleum and natural gases; and economic abundance: banks and other financial institutions), Trinidad and Tobago leads the way in exemplifying substantive economic integration through industrial and business advancement among developing nations.[24] In 2002, companies from Trinidad and Tobago accounted for 30% of the economic activity in Barbados. The percentage is much higher for other states. Case in point: that year, more than 50% of business ventures in Guyana resulted from the operations of firms from the twin-island state. And two non-CARICOM countries, the Dominican Republic and the Netherland Antilles, have been recipients of considerable direct investments out of Trinidad and Tobago. Jamaica and Barbados are also active participants, contributing to and actively playing roles in the economies of the LDCs. Among the most prominent companies in the Trans-nationalization of financial management are *Republic Bank Limited* (RBL) and *RBTT Financial Holdings Limited*; both of which specialize in commercial banking and a wide range of operations. (Because they cover the entire spectrum of the Community and Central America, these financial entities are important links in integrating the two sub-regions.) For instance, RBTT lent *Mazaruni Granite Products Inc* of Guyana US$8.2 million to set up a granite quarry in 1999. The sum of intra-CARICOM investments was estimated to have surpassed US$250 million in 2003. By the end of that year, the Investment Bank of Antigua and Barbuda was actively engaged in the economy of Belize; VSH-United Group of Suriname had operations in Trinidad and Tobago; and a consortium of financial companies from the OECS was affiliating with their counterparts in Barbados.[25] Regional financial and business assets experts have been giving ample consideration to methods of reducing the risks businesses may take while operating in the area. In the quest to provide widespread insurance coverage to protect infrastructural investments from natural disaster, the Caribbean Catastrophe Risk Insurance Facility (CCRIF) was established in June 2007. The functioning of such institutions have increased confidence in the basin area so that the English-speaking Caribbean now attracts increasing amounts of Foreign Direct Investment (FDI), which is mostly in the form of equity capital and re-invested earnings that fuelled a 3.6% growth rate in 2005. According to *UNCTAD-World Investment Report 2000-2004*, FDI flows to CARICOM moved from US$1,968 million in 1999 to US$2,470 million in 2004. By 2006, most of the major economic activity of the region was influenced by direct and portfolio investments. It is important to note that this cross-border capital investment campaign is not limited to the MDCs; the LDCs have increasingly been driving business ventures in other countries through *direct* and *portfolio investments*. And this expansionary pool of finances is being channelled towards improving the quality of a wide variety of commodities. The following shows the spectrum of products affected by such investments and likely to contribute to *capital deepening* in the 21st Century:

Regional Industries with Intra-Regional Direct or Portfolio Investment 2005
Industry/Area of Economic Activity

Airline Catering	Forestry-Lumber
Beverages	Hotels & Tourism
Cement	Jewellery & Ornaments
Communication Telecommunication	Manufacturing
Computers & Electronics	Media-Newspapers
Construction & Project Management	Media-TV
Domestic Fuels	Packaging
Energy-Oil & Gas	Pharmaceuticals
Energy-Other	Real Estate
Entertainment-Music	Services-Professional Services
Entertainment-Carnivals	Services-Architecture
Food	Trading & Distribution
	Transport-Air Transport

*Source:*http://www.caricom.org/jsp/Community/regional_issues/CTIR2005/Chapter%20V%20CTIR%202005.pdf adapted from information accessed at this site in April 2007.

Intra-regional participation in the privatization and conglomeration processes have, however, increased *competition* and brought *nationalistic sentiments* to the forefront. The purchase of 51% of the shares of the Grenada National Commercial Bank (NCBOG), in August 1992, by RBL from Trinidad incited resistance from the Grenadian parliamentary opposition. Recently, a move by the *ANSA McAL Group of Companies* also from Trinidad to amalgamate with *Banks DIH* of Guyana was prevented.

The Community has been successful in overcoming a major hurdle to its free trade arrangement: geographic fragmentation. Maritime transportation improvements currently facilitate an estimated 25 million tonnes in imports, and more than 35 million tonnes in exports, per annum. Concurrently, regional integration is being advanced through enhancement of the air transportation system, which makes movement of tourists and business people easier. For example, according to *Caribbean Trade and Investment Report 2005*, tourist arrivals increased from 4.8 million in 1995 to more than 5.2 million by the end of 2004. (During this period, there were huge losses in revenue from tourism for most developing countries, due to reduced number of arrivals.) In seeking to increase private sector confidence in the respective domestic economies, CARICOM governments have been collaborating closely with strategic companies within the regional private sector towards achieving liberalization of the intra-regional trade in services. A working relationship, in the form of a *coalition of services industries*, has resulted from this governmental outreach strategy, with the primary goal of enhancing the regional capacity to export services to third parties and to improve CARICOM tourism price competitive index vis-à-vis its Spanish-speaking counterparts. In this regard, Guyana, not traditionally known as a tourist destination, has been able to improve her service sector ratings and attract an increasing number of tourists (estimated at more than 135,000 in 2006) gained by breakthrough advertising and effective public relations of the Tourism and Hospitality Association of Guyana (THAG)[26], as well as through close collaboration with the Caribbean Tourism Organization (CTO). On a pertinent note, Barbados and the OECS are current beneficiaries of global telecommunications deals that allow call centres (specializing in telemarketing, debt collection, and customer service for businesses such as international banks) to locate in the Community. Concomitantly, a series of initiatives are being directed at the advancement of *business communications networks* and *intra-regional market trade intelligence*, all of which are executed under the aegis of the Trade Promotion Organizations (TPOs) established as supportive structures of the ACS to the benefits of all participants. Certainly, the addition of these mechanisms and projects facilitate joint economic development and improvements in other areas of regional Caribbean economy.

Other Benefits of Integrative Action in the Caribbean

In following a tradition of excellent education and health systems, CARICOM governments have endorsed education enterprises and social development projects as stipulated in the Millennium Development

Goals (MDGs) of the UN and the IMF. Moreover, the Community has committed to enhancing efforts towards similar achievements in all member-states. In accordance with this agenda, CARICOM representatives solicited and secured the commitment for assistance from the OAS, in June 2007, to expand its main tertiary education institution, the University of the West Indies (UWI), to campus locations in Haiti. This signifies a move towards functional cooperation in critical areas of education and health with the Community's poorest member. Health Ministers and their respective departments have achieved numerous benefits in the area of public health through agency collaboration in tackling the HIV/AIDS epidemic. Created by a network of regional government agencies, NGOs, private sector, religious organizations, donor agencies, and people living with the virus at a gathering in 2001, the Pan Caribbean Partnership Against HIV/AIDS (PANCAP) hugely represents accomplishment in this regard. Increasing the global advocacy for the fight against this plague in the region is the sole objective of this structure. In June 2007, the CARICOM Secretariat initiated collaboration between the Caribbean Epidemiology Centre (CAREC) and PANCAP. Subsequent to this, a formidable structure was established that has charted the course of action aimed at overall disease control. This platform has increasingly elicited the active support of regional health sectors, such as the Caribbean Food and Nutrition Institute (CFNI), and international agencies including the World Bank. Governmental summits with the George W. Bush administration resulted in a significant increase in urgently needed assistance. For example, US aid has increased from an estimated US$58 million in 2001 to more than US$300 million per annum currently. This trend continues; the 2007 Conferences on the Caribbean yielded successful negotiations for the Community. CARICOM delegations were able to secure assistance to tackle the HIV/AIDS epidemic in its two worst affected members: Guyana and Haiti; within the global strategy of the US President's Emergency Plan for AIDS Relief (PEPFAR)[27].

IV. CONCLUSION

Considerable progress has been made in regional Caribbean integration enterprise. It is still difficult to precisely answer the normative question on overall improvement of regional Caribbean societies. On one hand, the economies have developed credibly; GDP per capita is much higher than it was when integrative ventures commenced, which is considered by most economists as an important yardstick of welfare. On the other, however, inequalities prevail; the overall *social welfare* of the region's populace remains low and, as a result, the area has been losing a significant amount of its *human capital* through emigration. The preponderance of the State in regional integrative projects is seemingly stifling the efforts of cross-firm integration. This in turn has contributed to an uneven integration of markets; while the integration of production phase *per se* is lagging behind. Notwithstanding this fact, the understanding of new international business culture has placed Caribbean Basin governments and societies well on the road towards surviving the shocks of international market dynamics in the post-preferences relationship era with the EU. Within the present conjuncture, state managers from the wider basin area are compelled to utilize their resources to promote the expansionary and speedy reproduction of capital.

The processes of regional integration in the Caribbean Basin area clearly reflects the approach to development called *Collective Self-Reliance* (CSR), a form of *constructivism* in practice, which involves cooperation among developing countries on a South-South basis, regardless of cultural or political affinity. The commencement of the ACS, which signifies a true *catalyst for change*, has the potential to deliver substantial improvements in four priority areas: development of modern, competitive industries; increased production and participation in global trade; enhancing transportation links and infrastructure; and the protection of the natural environment and reduction of the impact of natural disasters. This could only be achieved through an integration of production process that is directed at the eradication of “duality in growth” and increasing socio-economic benefits for all *representative citizens* of the entire region; which would lay deep foundations of trust and support for government agenda. The literature on this subject overwhelmingly provides *prima facie* evidence of continually increasing gains from economic interaction within CARICOM and with other states in the wider basin area. It is, therefore, important for scholars and state administrators to continue to support the Caribbean integration agenda, as this a sure way of expanding regional competitiveness in the 21st Century.

NOTES

[1] Reference from http://www.guyanaundersiege.com/leaders/Burnham1.htm

[2] For further reading, see Keesings Contemporary Archives (1980), England, p.30086, 30131B.

[3] For more on the impact and magnitude of this loss, see Sahay *et al* (2006), *The Caribbean: From Vulnerability to Sustained Growth*, pp.285-306.

[4] CARIFTA had a peculiar characteristic, which made it the most conspicuous regional economic scheme in contemporary political economy; it had member entities with three different constitutional statutes. At the time of accession: (1) Barbados, Grenada, Guyana, Jamaica and Trinidad and Tobago were sovereign states; (2) Antigua, Dominica, Saint Kitts-Nevis-Anguilla, Saint Lucia, and Saint Vincent were "Associate States" *still* somewhat administratively aligned with Great Britain; and (3) Montserrat and Belize were still colonies of Great Britain.

[5] The efforts of Prime Minister of Barbados, Tom Adams, provide an excellent example. In 1982, he developed a set of ideas later dubbed the "Adams Doctrine", which focused on the security of small, fledgling democracies. According to Adams, "threats to small democracies were most likely to occur not from direct external forces, but through their assistance to vulnerable domestic groups".

[6] For full list of member states, see http://www.caricom.org/jsp/community/ member_states.jsp?menu=community The Bahamas is a member of the Community, but not of the Common Market.

[7] For more on the Georgetown Accord and deliberations leading up to the signing of the Community treaty, see *Keesings*, (1971-72), *op.cit*, p.25562A, 25465A; (1973), P.26255.

[8] For OECS members, see http://www.iccnow.org/?mod=oecs

[9] For ECCB members and statistics, see http://www.eccb-centralbank.org/Statistics/index.asp

[10] See West Indian Commission Report, *Time for Action: A Synopsis*, Barbados 1991 & West Indian Commission Report, *Time for Action*, Barbados 1992.

[11] The following is a list of participating countries: Antigua and Barbuda, the Bahamas, Barbados, Belize, Cuba, Dominica, Grenada, Guyana, Jamaica, Saint Kitts/Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.

[12] Particulars on the agreement between CARICOM Heads of State and the government of Venezuela could be accessed @ http://www.jis.gov.jm/special_sections/summit/ PetrocaribeOverview.pdf

[13] The philosophy of this business venture constitutes the very core of disputes between US State officials and Hugo Chavez, Fidel Castro and an increasing number of Latin American heads of state; it contradicts the accepted principles of free-market economics, especially as embraced by the Republican Party of the USA. The *PetroCaribe* model of business entails state domination of the energy sector (nationalization) to the benefit of the disenfranchised through increased public spending on health care, education facilities, and housing for the poor. Further evidence of regional political and economic change is being discussed with the proposed Union of South American Nations (UNASUR), which promises to emphasize: the importance of bio-fuels as a major source of energy diversification; and the harmonization of energy production. This proposal was made at a summit of South American Presidents held to design an energy strategy for the region, on April 16-17 2007, in Margarita, Venezuela. This forum also plans to consolidate finances to develop a multinational *Bank of the South* to assist small business growth and work towards alleviation of poverty.

[14] See http://www.skillsreturn.gov.jm/Intl_Community/Caricom.htm for more on these Protocols and on respective Organs, including the decision-making body of the CSME.

[15] For list of ACS members, see http://tiscali.co.uk/reference/encyclopaedia/hutchinson/m0045529.html

[16] For a list of Associate Members, Founding Observers, Observers and Social Partners, and text of the full Convention, see www.acs-aec.org

[17] For dates of accession, see www.oas.org

[18] The Rio Group is mainly an entity of political consultation; it does not possess a permanent secretariat, or a mandate to pursue institutional arrangements for economic integration. Thus, it provides a platform for South American and Caribbean Heads of State to deepen cooperation on common global interests, and in effect serves as a bridge between the two sub-regions.

[19] For more on the economic performance of individual members of the Community during this period, see *Caribbean Trade & Investment Report* p. 10-11 @ http://.caricom.org/jsp/community/regional_issues/CTIR2005/Chapter%20I%20CTIR%202005.pdf

[20] See, *Caribbean Trade and Investment Report 2005*; (Chapter 1), *Intra-Regional Trade*.

[21] More information on CARICOM trade with Western Hemisphere countries and integration organizations can be accessed in *Caribbean Trade & Investment Report 2005; Trade with Extra Regional Partners*, p.1-17 @ http://www.caricom.org/jsp/community/regional_issues/CTIR2005/Chapter%20II%20CTIR%202005.pdf

[22] This list includes: aerated water, aerated beverages, beer, malt, candles, curry powder, pasta, farm animal feeds, wooden furniture, solar water heaters, and industrial gases.

[23] For more of the percentage of tariff and commodities towards which they are being applied, see *Caribbean Trade & Investment Report 2005* p.61 @ http://www.caricom.org/jsp/community/regional_issues/CTIR2005/chapter%20I%20CTIR%202005.pdf

[24] The government of Trinidad and Tobago has resolved to secure a prosperous future for its society in the form of a *Vision 2020 Draft National Strategic Plan*, which is expected to be realized through the intense collaboration of state and private sector structures. According to this proposal, the primary objective seeks to leverage the earnings from petroleum and natural gas exploitation efficiently to ensure the sustainable long-term development of the country by focusing on five crucial development priorities: effective governance; dynamically developing the human potential; reassuring social cohesion and stability; supporting a healthy small business environment; and investing extensively in modern infrastructure and the protection of the eco-system. In summary, the twin island's aim is to join the group of developed nations by the year 2020.

[25] The list of companies contributing to the trend of increasing intra-regional investments is much longer and some are antecedent to the CARICOM structure. The GTM Group of Companies of Guyana, for example, began operations in Barbados soon after World War II and later expanded to Antigua and Barbuda, Saint Kitts and Nevis, Saint Lucia and Saint Vincent. The list of other regional firms vigorously engaged in cross-border operations include: Trinidad Cement Limited, ANSA MCAL, Neal and Massy, and Guardian Holding of Trinidad and Tobago; Barbados Shipping and Trading Limited, Sagicor, and Goddard Enterprises Limited of Barbados; Grace Kennedy and Company Limited of Jamaica.

[26] According to the *CDB Annual Economic Review 2006*, Guyana's real GDP growth was estimated at between 4.7 and 5.8% in 2006, a significant improvement when compared with the estimated 1.9% in 2005. This was achieved even though there was a significant slump in traditional sectors of the economy (namely agriculture, gold production and bauxite mining), and is attributed to increasing emphasis being placed on non-traditional sectors, primarily the financial and service sectors, at the core of which is the domestic tourism industry.

[27] For more on the US strategy for fighting the epidemic, see http://www.pepfar.gov/press/80064.htm; http://en.wikipedia.org/wiki/pepfar&http://en.wikipedia.org/wiki/pepfar# Focus_Countries

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