Caribbean integration: mission impossible?

Earlier this year, Owen Arthur, the former Prime Minister of Barbados, described the malaise that now affects much of the Anglophone Caribbean.

Delivering the 15th Archibald Nedd Memorial Lecture in Grenada, Mr Arthur observed that the typical Caribbean nation now has to rely for material progress on economic systems that are no longer viable.

“Conditioned for centuries to depending upon preferential access to foreign markets for their exports, on high levels of domestic protection for their industries, and on generous access to concessional financing to support their development, almost every Caribbean nation, has now to face the prospect of building economic systems without the benefit of such props,” he said.

He also observed that at the same time most Caribbean states had evolved social sectors that are too large to be carried by economies undergoing transition, and that “the entitlements now afforded to citizens must be paid for in new and sometimes traumatic ways”.

“All the evidence suggests that the transition from the age of preferences to the age of competitive self-reliance has had devastating consequences,” Mr Arthur said.

Most Caribbean states, he said, face potentially overwhelming problems in meeting their current expenses to provide essential social services. However, because their debt service accounts for such a large part of revenue, many now do not have the wherewithal to fund the creative things that can spur on the development of their economies.

“It is as if the regional economies are caught between two worlds; one that is dead or dying, the other that is struggling to be born,” he said.

Mr Arthur’s remarks and others made more recently in a national context by St Lucia’s Prime Minister, Dr Kenny Anthony, in his budget presentation, make clear the long-term existential nature of what Barbados’ former Prime Minister described as ‘stresses so massive as not to lend themselves to easy resolution’.

What is less certain – not least because the Caribbean Development Bank is forecasting a slow return to growth for most economies – is whether anyone in the region is politically courageous enough to set out, let alone deliver, new and challenging solutions that might enable Caribbean nations to escape the inherent contradiction between smallness, low levels of growth and the popular expectation of a US standard of living.

It is also far from clear whether anyone in power is prepared to think the unthinkable: that perfecting Caribbean integration may no longer be a relevant approach, and what may be required are new alliances and configurations buttressed by better leadership, new thinking, new infrastructure, new hemispheric relationships, improved education, and generational change.

This is not to set aside the importance of the Caribbean as an identity, but to try to be realistic. It is also to wonder whether there might be greater value in nations seeking new groupings with those Caribbean and Central American nations that offer greater complimentarity.
To some extent this is already happening by default. Belize is engaged in deepening its relationship with its Central American partners in SICA; the Dominican Republic is rapidly linking its economy to that of Puerto Rico as well as to selected Latin neighbours; Cuba is seeking to open new investment and trade relationships with the US, Russia, the EU, China, Brazil and other nations that offer complimentarity and balance; Guyana’s new government seems set to deepen its economic ties with neighbours in Brazil, Suriname, French Guiana and Venezuela; and Trinidad has had for a number of years now an approach that seeks overlapping trade relationships with the US and the countries of Latin America.

What may now be required is a debate that is both practical and visionary. If full regional integration is not achievable, a more realistic approach may be to see the future as a process of slow steady integration at a sub-regional level between compatible economies such as those in the OECS; a deeper relationship with the French DOM; involve economic integration between the larger countries of the northern Caribbean and Cayman irrespective of language or politics; and see Panama and eventually Havana as regional hubs of greater long-term importance than Miami, given Cuba’s emerging relationship with the US.

Many states beyond the region now see their international relationships differently. They accept that while they may be in some form of economic or political alliance, they have overlapping or different interests, and that their positions on all issues, especially economic, are unlikely to be same.

Put another way, recognising that CARICOM’s members have made deeper integration unworkable by failing to cede sovereignty and legally binding executive authority, the greater value in future for the countries of the Caribbean may lie in developing a much wider range of market-led complimentary economic relationships.

In a world of self-reliance and competition, the whole concept of the Caribbean as a single economic entity may also be of questionable longevity. Put more bluntly, is Jamaica’s vision or its interests any longer those of St Vincent; or is the thinking of Guyana the same as that of the Bahamas in a world that has moved on?

The Caribbean’s shortcomings are well known. They have been exhaustively discussed. The issue now is whether the deep challenges of the kind that Owen Arthur referred to in the context of future IMF support, can be resolved by all Caribbean countries jointly working together, or whether it is too late for this.

Two weeks ago I wrote about leadership and new generations. Judging from the number and range of responses I received on the subject, there is a profound sense that many in the region want a change in the way they are governed and led, and a wish for those in positions of power to look over the horizon, arrive at, and then deliver new solutions. My fear is that if this does not happen, many of the region’s brightest young women and men will, as one correspondent put it, simply leave.

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