

POLITICAL LEADERSHIP AND CARIBBEAN INTEGRATION*

Vaughan A. Lewis

In the late 1980's into the 90's, an extensive consultation, including the holding of a Consultative Assembly of governmental and non-governmental stakeholders was held, on what was referred to as the OECS Unity Initiative towards political integration of a number of Eastern Caribbean states. The Report of the Assembly, chaired by the late Justice Telford Georges, and including Heads of Government themselves was, however, never submitted to all the participating governments' parliaments for further consideration, as had been intended. The Initiative died an unnoticed death.

After an extensive set of consultations, between 1989 and 1992 on the issue of a new form of governance for an enhanced Caricom integration system, the report and recommendations proposed by Sir Shridath Ramphal's committee in a document Time For Action, were in large part not accepted by Heads of Government. Instead they chose an alternative set of recommendations proposed by themselves.

Then in 2007, having received a further report and recommendations of a Technical Working Group on Governance, appointed by themselves two years earlier, on the same issue of enhanced institutional and governance arrangements to match the implementation of the Caribbean Single Market and Economy, the Heads of Government rejected the Group's recommendations¹, and instead, earlier this year, proposed a new set of Terms of reference for a reconsideration of the same theme.

Why do these situations of Heads of Governments' highly public announcements of initiatives, then rejection of recommendations, or hesitations in pursuit of decisions relating to paths towards enhancement of the integration process, recur so often? In the case of the ignoring of the OECS Unity recommendations it came to be felt that the, essentially Windward Island, Governments, recognized that the mode of implementation of the new integrated political structure would require a

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¹ Report of the Caricom Technical Working Group on Governance, Managing Mature Regionalism, 2006. The present writer was Chairman of the Working Group.

series of referenda, a challenge that seemed to be insurmountable. They did not believe that they could successfully proceed.

In the case of the recommendations on governance of the Caricom integration system, an expression of the view, by at least one Government, that their implementation would impinge on the sovereignty of member-states, seems to have prevailed as an appropriate reason for non-acceptance. And indeed there now appears to be a suggestion in some quarters, that the transition to a Single Economy would have the same effect and could therefore be unacceptable – a suggestion foreshadowed by some countries rejection of the establishment a Caribbean Court of Justice to which they had previously agreed.

It will be recalled, though it is sometimes forgotten, that by the second half of the 1970's and into the first half of the 1980's, the Caricom economic integration system virtually stalled, partly as a consequence of the serious recession that affected some of the member-states, a consequent substantial reduction in intra-regional trade and breakdown of the regional payments system (the CMCF), disagreements over approaches to further forms of integration and ideological issues influencing regional countries' domestic and foreign policies.

An increasing awareness by governments of the potential effects of a changing international economic system led, by 1989, to the Grande Anse Declaration, indicating that the Caricom leadership had become aware of the need to respond to external pressures on the integration process in a more institutionally cohesive manner. Recall that the Grande Anse Declaration indeed came three years after the 1986 decision of the European Community that it would be transiting to a Single Market and Economy with requisite changes both in its own regional institutional arrangements *and* in the relationship between the EC and Caricom. But the implementation of the CSME has certainly been more prolonged than anticipated. The single economy aspect will require a longer period towards its implementation. And the consequent intended governance arrangement is still in gestation, as far as its intended form is concerned.

In the meantime, the European Communities have been transformed into a European Union, substantial institutional reform has taken place, painful though this may have been for some member-states. All member states came to recognize that the further institutionalization of its regional economic

system had necessarily to take place both in response to the new standards of the World Trade Organisation system, as well as to an enlargement process extended beyond the originally projected numbers for inclusion, as a consequence of breakdown of the world socialist system.

In the intervening period, Caricom governments have stumbled through the change-mandate which they originally gave themselves in 1989-1992, and then through the unexpected global political and economic changes that have taken place between that time and the present. And they have stumbled even as the more powerful European states have felt the need to persist with their own governance reforms.

Let us recall, also, that at the beginnings of the Caricom integration process, the sense of urgency of response to a changing global system was more present than appears at this time. An important challenge then, following the determined effort to move from Carifta to Caricom, was the British decision to give up its hesitations over what had been previously seen as a “surrender of sovereignty” to Europe. Facing reality, the British government came to accept that subordination to a European Court of Justice as the arbiter of the functioning of the institutional arrangements of the Community was not an imposition on Great Britain’s sovereignty. The Government quickly moved to ensure through a piece of parliamentary legislation, the European Communities Act, that British sovereignty could tolerate acceptance of the decisions of the ECJ, and of the rules mandating implementation of the decisions of the combined European Commission-European Council system.

The response by Caricom governments to similar challenges pertaining to institutional reform has been aptly summed up by an editorial in the Barbados Nation newspaper recently. The paper, lamenting that “at nearly every regional conference leaders ignite a flicker of hope that ... Caribbean unity is high among their priorities”, with no subsequent operational follow through, continued: “We exist in an increasingly globalised world and it is perceived, even by politicians, that there is need to establish a stronger Caribbean identity. Political leaders, as much as anyone else, should be conscious of the question of sovereignty, precious as this is within the context of the CCJ and the regional integration movement”. The paper then goes on to remind that “British citizens have recourse to the European Court of Justice even though the House of Lords is located in London”. Finally, the paper notes the incongruity of a situation in which even governments which have supported and subscribed to the establishment of the US\$100 million

dollar Trust Fund designed to separate the financial support of CCJ from the Consolidated Funds of member states, are unwilling now to accept the jurisdiction of the Court.² We are only left to speculate that, at a time of keen citizen awareness of presumed governmental excesses of public expenditure, those very citizens are not aware of this incongruity.

It would be ingenuous of critics of the present state of things to pretend that the hesitations of our governments are unique. The process of constitutional revision in the European integration system since the Treaty of Maastricht has had to face the impediments which the Caribbean political leadership has balked against over the decades: the fear of the referendum approach to legitimation of substantial change as tending to be politically divisive; the fear of governments being accused of “giving away” too much authority to what is perceived as an essentially technocratic governance system at the integration level; and in the case of British-influenced theorists and practitioners, the unwillingness to accept the referendum as a legitimate instrument, given the mandate given to governments through the periodic elections process (though of course the British imposed this requirement in some of the OECS constitutions).

But the European persistence in finding ways of getting around such objections has been demonstrable, with institutional innovations being sought to get around impediments – even the bold one of transforming the rejected European Constitution into a Treaty, thus permitting most countries to avoid the referendum process (some countries, like Ireland, are constitutionally mandated to have a referendum). It would be instructive to find out what the EU, which has apparently financially supported our own latest effort of Caricom institutional reform over the last few years, would think of our almost casual rejection of proposals for reform on the grounds of objections with which they themselves are entirely familiar, and which they have had to persist in coping with. We can be sure that responses on our part – either (i) that the Europeans have the financial resources to grease away political objections, or (ii) that we do not have to follow what the Europeans do, would not be thought to be persuasive.

We should note too, an effort of genuine innovation on the part of the Caricom political and technocratic elite in an earlier period, in the face of the need to find a way of ensuring that a degree of economic preferentialism

² The Nation, Barbados, Editorial; 27 January 2008

was maintained for their agricultural commodities, in consequence Britain's acceptance into the European Communities in 1973. Then, the Heads of Government took a decision to support the establishment of a cohesive working group of Foreign Ministers as directors of the negotiating process that also involved professional diplomats/technocrats. These Foreign Ministers then took initiatives to consolidate the African, Caribbean and Pacific (ACP) grouping into an effective diplomatic alliance that strengthened substantially the negotiating hand of Caribbean diplomacy, towards a beneficial first Lome Convention.

In the contemporary period involving negotiations towards the proposed Economic Partnership Agreement, the institutional formula of a cohesive Foreign Minister/technocrat nexus seems to have been de facto abandoned. Along with that came an abandonment of the diplomatic alliance strategy, in the face of European indications of a "separatist" formula of bilateral region-by-region negotiation. In the context of a Caricom of even lesser diplomatic weighting in the contemporary setting of emerging developing-economy powers, the negotiating hand of Caricom was effectively weakened.³

The institutional governance formula devised in the face of the rejection of the West Indian Commission (Ramphal) recommendations of 1992, led to the establishment of a Prime Ministerial Subcommittee on External Relations as the guiding instrument of Caricom negotiations, with a technocratic Caribbean Regional Negotiating Machinery (CRNM) as the effective negotiating arm. But it is my own view that, in the context of pressures on a predominance of Heads of Government in their efforts to re-establish economic stability in their specific states in the 1990's and onwards, this nexus could not be as effective as was desirable, and therefore sufficiently authoritative in the cementing of the complement of tasks of strategy-diplomacy-negotiation required for the contemporary period.

So, as is evident from the public debates of the present period on the outcome of the EPA negotiations, the cohesion of the system has not been optimal. And it is now evident that the participation of the Foreign Minister level (effectively the Ministerial Council on Trade and Economic Development level) in the process was insufficiently effective. (It should be observed that at the EU level, the negotiating actors at the European

³ We do not speak with hindsight here. Calls by Sir Shridath Ramphal, a substantial player in the 1973-75 negotiations as Foreign Minister of Guyana, for an attempt at preserving the "ACP formula" in some form, appear not to have been heeded by Governments.

Commission are often not, strictly speaking, technocrats, but persons of political (Ministerial) experience supported by the technocratic cadre).

At the domestic – that is regional – level of the Caricom system, the innovation of Heads of Government following the rejection of the WI Commission proposals, was a similar institutional mechanism of a lead Prime Minister for a particular subject. This has functioned most effectively in the spheres of the conclusion of the CSME Revised Treaty, and of a focus on health in the Caribbean in the face of the increasing prevalence of predominantly lifestyle diseases. But here, it might be claimed, the formula of a nexus between a Lead Prime Minister, a high level technocratic functionary and linkage to the Secretariat as the operational instrument, resembled more the “interposition of a Commissioner” model proposed by the WI Commission, reinforced in the recommendations of the Technical Working Group; and in both cases had a time period of operation more limited than that relating to external negotiations⁴.

INSTITUTIONAL ARRANGMENTS FOR THE FUTURE

So there is first, clearly unfinished business relating to matching the institutional arrangements of Caricom to the political strategizing and operationalisation of the Single market and economy and its external negotiating requirements. Secondly there is the even more important task of relating these to, and supporting them through, a process of political legitimisation of decisions made in these respects. ***This process of political legitimisation is the essential task of the political leadership.*** Difficulties in achieving it, and hesitations in attempting it, lie at the base of the hesitations and rejections relating to the decisions on regional policy integration and governance which we have discussed here. This situation is made even more challenging at the present time, when many of the objectives, and implementation tasks arising in connection with the CSME are affected by factors emanating from the international economic environment (food security, energy, changes in trading arrangements, changes in major power priorities). These are less subject to domestic manipulation.

⁴ In the case of the CSME the technocratic functionary was the former Secretary General of the Association of Caribbean States, Professor Norman Girvan; and in the case of the Health initiative, the individual concerned was Professor Grant Alleyne, Chancellor of the University of the West Indies, and former Director of the Pan American Health Organisation.

In dealing with this we also need to note that there has been a change, since the original Caricom commitment to the CSME, in the regional integration context itself. Put briefly as a generalization, we can observe that the dynamic of regional economic integration has changed from being government or state-inspired, to being private sector inspired. Financial and commercial integration has now tended to precede state organized integration in an era in which the state has conceded many of the instruments of economic growth and development to areas of the private sector. This is a function of the removal of impediments to movement of the factors of production in the process of implementation of structural adjustment policies, enhanced by the adoption of the relevant protocols under the Revised Treaty, and underpinned by the globalization/economic liberalization process reflected in the rules of the WTO Treaty.

In our region, this process of financial and commercial, and in some measure industrial, integration has been proceeding for some time, and has been noted particularly by Trevor Farrell⁵ in commenting on the extent of cross-border investment that has taken place, and continues to take place in the Region.

While however, the public perceives the political directorate to be accountable for this economic regionalization, governments are generally unable to regulate such processes and seem politically helpless in the face of public concerns. And they have subsequently seemed helpless also, in justifying the moves which they themselves have initiated, towards the regionalization of the *governance* arrangements for more effective regulation which they seek to put in place. The legitimacy of the political directorate, as elected officials, seems to be lost. And it is as if the periodic five-year blessing of a governance mandate, which they receive from their electorates cannot survive the successful implementation of the regional initiatives which they seek to undertake.

This paralysis in the face of having to respond to global liberalization was first noticeable at the domestic level, as the social democratic government of Jamaica for example, unsuccessfully coped in the latter part of the 1970's. But the pressures were more successfully faced in Barbados through recourse to the formula of social partnership or compact. In the case of

⁵ See, for example, his "Caribbean Economic Integration: What is Happening Now; What Needs to be Done", Kenneth Hall and Denis Benn (Eds), Caribbean Imperatives: Regional Governance and Integrated Development", Ian Randle Publishers, Kingston and Miami, 2005, pp.177-205.

Jamaica in the 1990's, the traditional dependence on the trade union base that has been the general bulwark of the social democratic parties, failed to sustain itself under the pressures of the period of deprivation of recession and then of structural adjustment measures. But we might say that the experiences of Jamaica, and then, in some measure, of Trinidad in the late 1980's/90's provided precedents for the more successful effort of the social contract or compact in Barbados – an initiative which sought to give both business and labour a place in decision-making relating to the institutional underpinning for economic growth initiatives of the country.

What is therefore proposed here is an elevation of that methodology of social compact to the regional level. It is true that a form of business/labour placement in the structure of the Caricom system has been a part of the regional integration consultation process for some time; but it would not be unfair to say that governments have not, for most of the time, given this particular prominence, and that the social partners cannot be said to have been satisfied with the arrangements.

In the liberalized economic integration process which the CSME Revised Treaty of Chaguramas reflects, the state and the private sector operate in practice on par – though with differentiated roles. In the first place, the state guarantees the institutional and constitutional form of the integration system and the inter-relationships between Governments that facilitate the passage and implementation of necessary domestic, regionally approved, legislation. Secondly, the state has surrendered certain of the instruments that it previously had under the original Treaty establishing the Caribbean Common Market. These allowed it to close and open the market through the autonomous use of policy or legislative instruments.

Now, the implications of the new legislative environment have been apparent in the necessity for the state to abstain from active intervention in cross-border investments, even when called up by elements of the national business sector and employees' representatives to do so. In addition, the state has surrendered certain "pro-national" instruments that would have provided protection for certain domestic economic activities. This is apparent, for example, in respect of the Economic Partnership Agreement recently signed.

The original Caricom states' rationale for the surrender of these instruments was to provide an environment for economic activities of appropriate scale

to be undertaken by nationals of the participating countries. The existence of surplus capital in certain countries of the Caricom system has hastened the implementation of the commitment to openness; and forced the establishment of similar reciprocal arrangements with countries of the wider environment.

The private sector, as investor and producer, basically operates today under the rules of the WTO regime (to which the Revised Treaty, and for example, the EPA are subordinate). This positioning allows the contemporary private sector a greater leverage in the actual shaping of the single market and economy – particularly the latter. ***The inference from this is that the location of the private sector in the decision-making apparatus of the integration system must be enhanced, and the Revised Treaty must now find an appropriate institutional and legalised space for this.*** But a further inference is that, this having been accomplished (at least in form to begin with), the private sector acquires a certain legitimating role in respect of decisions taken together with regional governments.

On the other hand, following the domestic social compact model, an equally participatory, facilitating and legitimating role in this regional arrangement must be found for the representatives of employees, emphasizing in particular the functions and responsibilities of those involved in the regional economic transactions space. It would be important to recognize the diversity of the skill levels involved, and the necessity of appropriate representation of those levels, involved in cross-border activities – thus the emergence of reorganized regional trade union representation, with commitments beyond those of the traditional Congress of Labour model.

Finally, in the present era, a case has been made, at the domestic level, for a degree of participation in social compact arrangements of non-governmental organizations concerned with critical factors influencing, or affected, by the economic growth process. The modalities of inclusion of this relatively new complement of organizations would require consideration as well.

The implementation of a Regional Social Compact model, involving a more active and inter-connected role for non-state stakeholders, in what has been traditionally perceived as the province of regional governments per se, will involve, as has been the case at the national level in certain countries (for

example Barbados) certain conceptual shifts relating to modes of decision-making, and who has the legitimacy to make and implement decisions.

The more cooperative basis of the Social Compact model, would therefore require, sustained discussions/negotiations between Governments and the social partners to evolve an arrangement of cooperation institutionally located in the Revised Treaty – a process to which Governments have not been accustomed. It implies too, an abandonment on the part of Governments of what we can call “the concessionary model of social partner involvement” in regional decision-making, which in my view the social partners, and in particular the private sector, have come to perceive as not particularly useful⁶. But as has also been found at the national level, this path provides the underpinning of a more effective political legitimation of regional decisions which the political directorate, by itself, has seemed to find difficulty in achieving; and which has led to the “stop-and-start-and stop” approach (non-approach) to regional decision implementation which we remarked upon at the beginning of this paper.

What follows from this is *the necessity to ensure the legal commitment and obligation to implement decisions taken at the regional level*, after substantial consultation and negotiation among relevant parties. The fact of the matter is that once a commitment is made to institutionalized participation of the investment partners involved in cross-border activities, then the legal arrangements must be put in place to ensure compliance, and sanctions in the face of non-compliance. What operates at the national level must then be seen to operate at the regional or cross-border transaction level.

Once this is accepted, then the case for a regional judiciary becomes obvious, just as, with accession to the WTO states subscribe to its international transaction-litigation level and jurisdiction. The process implies a concession or grant of capacity to exercise jurisdiction to institutions which facilitate the state’s, and the private entity’s, functioning in cross-border relations, in much the same matter as there is a transfer of jurisdiction to independent judicial institutions at the national level. The phrase “concession or grant of capacity to exercise jurisdiction” is another way of saying involvement of a supra-national judicial arrangement in the adjudication of cross-border transactions which the state has already

⁶ I think that it is fair to say that traditionally, the grant, to business and labour of a presence at Caricom high-level institutions, has been perceived by the political directorate as a concession, rather than as an obligation required for the appropriate functioning of the integration system

legitimized. So it is incorrect, as some are inclined to suggest, that we can have cross-border transactions without cross border adjudication systems – that our sovereignty is touchable inside our national jurisdiction, but not outside it in the case of cross-border transactions legitimized by Treaty. And it is a contradiction in terms to make a legal commitment to the regionalization of cross-border transactions and not make at the same time, a legal commitment to adjudication of the operational aspects of that regionalization.

That, really, is the justification for a Caribbean Court of Justice in its original jurisdiction – the subordination of Caricom states to a new arena of law relating to matters that are cross-border in nature. Many of us, as inheritors of British notions of sovereignty and of a legitimate limitation to the stretch of the law, have difficulty in accepting this. The British themselves had much difficulty in accepting a concept of a European Court of Justice – deemed for a long time to be in contradiction to the supremacy of Parliament. But as a former British Conservative Party Chairman, Parliamentarian and Minister and then European Commissioner for External Relations, Lord Patten, has explained in his very instructive memoirs, the British found their way towards acceptance of the needed judicial institution⁷. If the colonial masters have conceded, is there justification for hanging on to their now self-rejected traditions?

Our conclusion here, then, is that it is really for the social partners to insist that the process of liberalized economic integration in the region cannot proceed without amendment of current institutional decision-making structures that, de facto, exclude the partners from participating as integral actors in the regional cross-border transactions process; and to insist that the partners' participation in such transactions must have effective legal underpinning. This represents a new approach to regional governance and administration.

It is only in this way, it seems to me, that after careful negotiation of the needed mode of social partner institutional integration into a Caricom decision-making system responding to the emerging international liberalized economic environment, the social partners can ensure that, faced with the hesitations of the political directorate fearing lack of popular legitimacy or

⁷ Chris Patten, Not quite the Diplomat, (Allen Lane, 1005), especially the chapter “National Sovereignty and the Descent of Conservatism”.

approval, on critical regional decisions, the latter can be emboldened by what would represent a “common will” approach of the social partners and the people’s representatives.

No one suggests that this is easy. It is not, and has not been easy at the national level either. But it requires a mental or conceptual jump which the social partners must assist the political directorate in making.

FACING NEW POLICY AGENDAS

In my sense that, in spite of the success of bringing the Single Market to fruition, there is among member-states a muted dissonance about the benefits to be gained by one or other state under the new dispensation, in a period when the old assumptions about gains and distribution of gains from a protectionist common market can no longer hold. A tendency to state unilateralism in such an environment is certainly bound to take hold, resonating from time-bound leadership perceptions of either positive or negative returns from the new arrangement, at a time when there is already concern about structurally-changing national economic structures.

We can assume that there are two directions, in this new era, in which the regional integration system may proceed. A first orientation would see the Caribbean Single Market as somewhat restricted in its possibilities for national advancement, and would lead to exploration of a wider liberalized economic space within the Caribbean itself, establishing an institutional basis for free trade and deeper relations with countries like the Dominican Republic, already partially framed with Caricom through the Cariforum arrangement and its networking into Caricom-EPA arrangements. This orientation, as is known, was in part proposed by Trinidad and Tobago itself through its early initiative towards free trade arrangements with the Dominican Republic. A deepening of the existing relationship could be favoured by an industrial and financial private sector seeking to expand its activities, bearing in mind that both the DR and the Central American states have, at this point also, a more favourable access to the North American market than Caricom has.

This orientation would not be so favourably looked upon by the smaller entities of the Caricom, fearful of a DR’s access to their economies which

might outbid their own production capabilities. But on the other hand we should also note the changing economic circumstances that make the fear of the DR which, for example, the Windward Islands banana producers had in the late 1980's into the 1990's, not as substantial as previously. For under the new arrangements for banana exports these states find themselves requiring DR production support to maintain their own location in the British market.

As I have earlier intimated, the pressures towards simultaneously widening and deepening may substantially emanate more from the private, rather than the public sector, in which situation it may well fall on the private sector to play a public role as legitimator of such a direction.

But as countries perceive the need for widening free trade and production relations within the Caribbean itself, a second integration orientation asserts itself in terms of the rationalization of the infrastructure for new integration activities in pursuit of construction of new economic spaces – rationalised regional air and sea transportation arrangements, a regionalized energy grid in the southeastern and southern part of the region, effective regional communication services utilizing information technology, a renewed effort at a harmonized approach to agricultural production, and the provision of requisite human resource skills recognizing the single economic space as its base.

Contrary to thinking in an earlier era, these activities would not be areas of essentially state interventions, but more subject to collective private-public interventions; or be initiatives substantially by private sector systems requiring a legal framework legitimated by the state.

The main point of either of these orientations however, is that a social compact approach at the regional level will again become a necessity, in the latter case not only for practical implementation of these schemes, but for long-term legitimation of the structures that they will require.

So we need to reformulate the issue of future integration efforts to emphasise the limitations on the state for carrying, in this era, development burdens that require popular, or diverse sectoral support. A further institutional integration therefore of the state and private sector, and the state and the employee sector becomes a priority.

The state – the political directorate – must therefore play its part in fostering such new relationships as a means, apart from other reasons, of providing itself with a social base that can sustain wider popular support, permitting the legitimacy that its efforts in regional integration require. The private sector can no longer wait on government to be the main guarantor of public support for what must increasingly become private sector-led regional economic integration. The institutional arrangements that I have suggested are intended to further this process.

In that context, and in closing, I would, in stressing the need for new thinking on the institutional arrangements for regional integration in the new era, recall an observation made by the development economist Gunnar Myrdal in the late 1960's:

“The regional approach has no intrinsic justification. There are no mystical qualities in geographical proximity that make neighbouring nations a ‘unit’ in any real sense, culturally, politically or economically”⁸.

Economic and political regions are man-made, and man-sustained.

4th June 2008

⁸ Asian Drama: An Inquiry into the Poverty of Nations, (N.Y., Pantheon, 1968) Vol. 1, p.39