

## REGIONAL INTEGRATION AND COOPERATION AS ONE OF THE CRUCIAL ELEMENTS OF CARIBBEAN DEVELOPMENT

### SOME LESSONS FROM EUROPEAN AND WORLDWIDE EXPERIENCES

#### *Summary*

*European integration has long been seen, especially in Latin America and the Caribbean, as a model to use regional cooperation for enhancing development and joining forces between often historically opposing and weak countries with mostly few previous trade links between them. Building regional markets could also reduce intra-regional development gaps, as seemed to illustrate the European example in its backward southern member states and Ireland. More recently, however, former doubts about the integration narrative have been notably reinforced by the acute crisis of the European Union, and especially its newly considerable North-South divide, as well as by serious difficulties in other regional projects, while on the other hand East Asia showed impressive success in both international competitiveness and social progress without formal moves to create regional groups.*

*It appears therefore that integration theory and practice should certainly be thoroughly re-analyzed in the light of the multi-faceted EU crisis and the difficulties of other experiences like Mercosur or CARICOM in the Americas. A balanced combination of market mechanisms with state intervention including particularly a clear regional “préférence communautaire” and coherent industrial, energy, transport and R&D policies, adequate tools in order to assure a sufficiently equitable but also efficient distribution of benefits and costs between the member states, especially the weaker and less developed ones, and some important elements of common policies in fields like fiscal policy and attitudes towards multinational companies are probably the key instruments for regional integration initiatives to be lasting successful projects, which need also a consistent common political will as a basic condition. All this is certainly true for Europe, but also other regions, including the mostly middle-income Caribbean with its very diverse, fragile, small and even microscopic economies, high unemployment and emigration rates. Here, some other specific elements like the provision of collective public goods (including higher education, economic and general diplomacy etc.), functional cooperation in transports, disaster prevention etc., and closer links between agriculture and national economies including tourism as well as on food security and energy at a regional level are certainly also of crucial importance.*

1. Historically, the Caribbean has few motivations to take Europe as a brilliant example for social justice, balanced economic development and political unity. But 21<sup>st</sup> century Europe is obviously not that of ruthless pirates or origin of brutal plantation owners and merciless slave traders. After 1945, moreover, its countries have abandoned their eternal wars between themselves and engaged in wide-ranging efforts of continental cooperation and integration including cross-border cooperation, cultural exchanges and specific assistance to their less developed regions, while also creating and consolidating a comparatively egalitarian “European social model”. It is true that for several years now, apparently solid former success in these fields has been seriously undermined by the euro crisis and general disenchantment with the European Union. Even so, experiences of regional integration in post-war decades in Europe and also in other regions like Latin America, strongly influenced by its example, are highly interesting, in their achievements and in their failures, as are recent success stories like those of East Asia. This is particularly true, it would seem, for the Caribbean region where cooperation and integration appear as crucial but also very complicated aspects of its development and where the experiences of small entities like Singapore and Hong Kong, tightly linked to their regions and also to the world at large, might also give some useful ideas.

2. European regional integration has long been hailed as an example for similar experiences, especially in Latin America, a region of twenty more or less small national markets limiting seriously their possibilities of industrial development, and which has seen a number of initiatives since the *European Economic Community* (EEC) was launched in 1957. Some of them, like the *Latin American Free Trade Association* and the *Central American Common Market* (ALALC and MCCA in their Spanish acronyms), seemed quite successful before they ran into trouble due to internal differences and the unequal distribution of benefits and costs, favoring the larger countries and the multinational enterprises<sup>1</sup>. In the Caribbean, the free trade area CARIFTA led to the more ambitious *Caribbean Community* CARICOM, favored by the newly independent states but finally not very successful despite some important elements of progress. Anyway, European dynamism until the 70s -in fact, largely due to the reconstruction boom, cheap oil and basically Keynesian and/or social democratic economic policies- seemed to justify some kind of imitation of the EEC model for creating larger markets by removing obstacles to mutual trade, as well as to cross-border investments etc., thus enhancing the international competitiveness of regional blocs.

3. After the breakdown of the Bretton Woods system and the “oil shocks”, years of acute “Euro-skepticism” cooled down the enthusiasm for what finally became the *European Union* (EU) in 1993, while the new initiative *Mercosur* (Southern Common Market) seemed to be an adequate answer of middle-income South American countries to the globalization challenge by creating a regional market in a rather ambiguous context of “open regionalism”.

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<sup>1</sup> Venezuela and Bolivia, both uncompetitive in industry and agriculture, had joined ALALC only several years after its launch in 1960, and the Andean countries’ growing frustration led in 1968 to the creation of the “subregional” *Andean Pact* within the ALALC, which became in 1981 the very flexible *Association of Latin American Integration* (ALADI) with the same members, all of South America except the Guyanas plus Mexico. The MCCA soon suffered, among other problems, the dissatisfaction of its most backward member Honduras.

At the same time, the *North American Free Trade Association* (NAFTA) attracted crisis-shaken Mexico, with mixed results including a very strong boost in industrial exports, but also aggravated social polarization and mass emigration. The Andean Pact became the *Andean Community*, but with less coherence between its now five member states -Chile had abandoned it after its 1973 military coup-, and even oil-rich Venezuela fell into a deep crisis. The more recent initiative *ALBA*, joined by some tiny Caribbean states, is too closely linked to Venezuela's fragile oil wealth, but differs from others by a more solidarity than market-driven ideology which might constitute a useful complementary approach. Venezuela's president Chávez was also a driving force of Latin American integration generally, rejecting together with others in 2005 the US project of the hemispheric Free Trade Association (ALCA) which would have been very problematic for the region, and he initiated massive aid programs to the Caribbean by selling them oil with highly preferential conditions. On the opposite end of the world, East and South East Asian countries showed, mostly without formal regional blocks, other forms of integrating dynamically into larger regional (Asian-Pacific, in this case) and world markets while also realizing efficiently key social objectives like poverty reduction.

4. Realistic reflections had certainly already warned long ago against over-enthusiasm with regional integration as a means of achieving by itself rapid economic progress. Classical authors had introduced very useful basic concepts in the 50s, like *trade creation* and *trade diversion* (Jacob Viner), *direct and indirect effects* of integration (Jan Tinbergen) and *pôles de croissance* as geographical development engines (François Perroux). But as Sidney Dell stated in his still very recommendable book published in 1963 on *Trade blocs and common markets*, politicians used to emphasize the expected economic gains while economists often preferred to underline the political advantages of overcoming national rivalries. Economies of scale and specialization, increased competition and enhanced bargaining power -the three principal arguments for integration-, can certainly give great potential gains, he said, but should be thoroughly relativized: already quite open economies like those of Western Europe could hardly reach significant gains from all that, while governments and unions would lose power, new oligopolies could reproduce and aggravate on a regional scale the problems posed by such oligopolies<sup>2</sup>, and the group's enhanced bargaining power risked to be used more against the Third World than confronting the super-powers<sup>3</sup>. In fact, growing integration in Europe has not even been an obstacle to sometimes disastrous lobbying from outside, as shows, especially, the US pressure to negotiate a socially, legally and environmentally very

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<sup>2</sup> We see now how much this warning was justified, as the dominating financial lobby, after having been the obvious main responsible of the global crisis, not only is not punished at all but rewarded with new benefits and integrating, as distinguished members, the expert groups established by the European institutions in order to find solutions to the crisis it had itself provoked; and one of its representatives has even been nominated the new Commissioner in charge of financial regulation just while the "Luxleak" scandal shows the urgency of radical measures against abusive financial lobbies and aggressive tax evasion; at the same time, lobbies of carmakers, pharmaceutical, food and other industries continue to water down every new European drive to fix conditions in view of protecting workers' or consumers' interests and environmental needs, as shown by numerous analysis of trade union organizations and NGOs like *Corporate European Observatory* and *Finance Watch* ...

<sup>3</sup> Also this warning reflects more than ever today's reality, with very controversial free trade agreements with Andean, Central American and Caribbean ("Economic Partnership Agreement") countries while the EU is totally unable of taking anything like a united position in its relations with the USA or China, and even Russia.

problematic *Transatlantic Trade and Investment Partnership*<sup>4</sup>. Soviet economists like *Abram Frumkin* emphasized, with some reason, “inter-imperialist rivalries” and contradictions between the international monopolies behind the many tensions and problems of capitalist integration. *Fritz Machlup*, then president of the *International Economic Association*, recalled around 1975 that regional integration runs always parallel to simultaneous other integration processes on national and international scale. And a quarter of a century after Dell’s book, just when the EEC was taking a new start to become the EU and prepare the future monetary union, French “Green” economist *Alain Lipietz* showed, in an article for the business weekly *L’Expansion*, in 1988, how precisely the small countries which had stayed outside the EEC such as Switzerland, Austria and Sweden -even being narrowly tied to it economically, but not part of its institutional machinery- had achieved clearly better indicators in employment, GDP growth and also in the crucial fields of environment and quality of life.

5. Another quarter of a century later, Europe’s richest countries -Switzerland, Norway and Iceland- show today less than ever interest in joining the EU<sup>5</sup>, while Balkan countries and others like Ukraine, Moldova, Georgia and Turkey are or want to be candidates, or hesitate a lot between the EU and its giant Eastern neighbor. This is also the case of the by far largest among them, Ukraine, torn between very uncertain European perspectives<sup>6</sup> and complicated but rather inevitably tight relations with Russia. All this recalls somehow Haiti’s accession to CARICOM and oil-rich Trinidad’s seemingly moderate enthusiasm with the regional group.

6. For every regional grouping, we might already say here in a partial conclusion, there seems to exist a *considerable trade-off* between the desirable, and even very necessary *distributive justice* inside the group and maximum *economic efficiency* for the entire group, which tends to produce acute political tensions between the relative or absolute “haves” and “have-nots”. As a consequence, the richer countries tend often to lack the necessary attitude of solidarity with the poorer ones, while those can then, as a consequence, easily lose their initial enthusiasm for the regional project...

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<sup>4</sup> A recent and potentially disastrous case has been the victorious lobbying of Canada and the US to weaken the EU fuel regulations as they represent a barrier to import polluting tar sands; the EU decision to bow to this foreign lobby means possibly the loss of a very interesting way of producing wood and waste-based biofuels which could constitute an important future competitive advantage, warned even a highly influential liberal daily. Wasted energy, *Financial Times*, 16-4-14.

<sup>5</sup> In a recent visit to Switzerland the German president *Joachim Gauck* rightly said that, while there were reasons to be unhappy with the previous Swiss vote against “mass immigration” even from EU countries, «*Europe could well need to be somewhat more Swiss*» by learning from its democratic practice and pacific coexistence of its different cultural-linguistic components; Norwegians and Icelanders also certainly do not reject EU membership just for “egoistic” or specific motives like the importance of their fishing industry, but also and even mainly for reasons of democracy, efficiency and not unfounded fears for their advanced social and environmental policies.

<sup>6</sup> It is certainly much easier to criticize EU policies than to formulate alternatives, but it appears as very erroneous to have tried to attract Ukraine without offering it a clear EU perspective coupled with substantial aid, while aiming at the same time at a general agreement also with the supposedly “strategic partner” Russia. And whatever there might be of objective needs for fundamental reforms in a country with very high levels of corruption, bureaucracy and inefficiency like Ukraine, it is clear that “Greek-style” troika austerity policies - which will have to prevail if Ukraine really turns to the EU- are not convincing recipes to get the Ukrainian economy working with dynamism and social justice and to favor a stable and democratic political system ...

*For less developed countries, can regional integration be the way forward?*

7. The accession of the southern member states to the EEC in 1981 and 1986 was certainly more politically than economically motivated: establishing, after years (Greece) and even decades (Spain and Portugal) of fascist-type and strongly inward-looking dictatorships, viable democracies based on “market economies” able to consolidate NATO’s southern borders counted more than raising joint economic potential. As an analyst underlined some years later, with the accession of Greece, Spain and Portugal, the combined GDP of the Community had expanded by 10%, its population by 22%, the number of people working in agriculture by 57% and its regional problems „so to say by 100%“<sup>7</sup>. But important economic and social progress was soon realized, thanks not only to dynamic changes under reform-minded post-dictatorial leaderships like the nearly four-terms-long social democratic PSOE government of *Felipe González* in Spain (1982-96), but also to the accession to a large market, abundant investment inflows and substantial aid in the form of the Community’s regional and “cohesion” policies as well as agricultural subsidies. So the new southern members, and also very backward Ireland, became notably more “equal” to the core members of West European integration, especially in terms of GDP per capita, but also, partially, with respect to industrial development and infrastructures, especially motorways which improved greatly the communications, like those between France and hitherto quite isolated Spain<sup>8</sup>.

8. *Ireland* was a spectacular, albeit very specific case with particular circumstances like massive US direct investment attracted among other factors by low taxes -which became an increasingly contentious point as they were criticized with some reason by Germany, France etc. as constituting a distortion of sane competition rules- combined with important national efforts in education and state guidance and generous EEC subsidies reaching, as in the case of Greece, up to 3-4% of GDP: after around 15 years of EEC membership it began to advance from being originally (at its accession in 1973) by far the poorest member state to be, at the turn of the century, the “richest” one in GDP per capita terms except tiny Luxembourg.

9. *Spain* also moved rapidly forward to become a modern industrial country like Italy. *Portugal* and *Greece* notably did so less but also reduced, thanks largely to EU “generosity” - even if this was not just altruism-, the distance to core EU member states. But there were also less positive aspects, like the rapidly increasing domination of foreign business and capital evicting national ones<sup>9</sup>, the rise of large-scale corruption, the import of polluting industries in Portugal or the consolidation of a very clientelistic and greatly unproductive Greek

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<sup>7</sup> J. VAN GINDERACHTER - Les problèmes régionaux de la Communauté élargie, *Revue du Marché Commun*, No. 310, October 1987, Brussels.

<sup>8</sup> Maybe with some negative effects on the fragile Spanish national cohesion: while Italy’s EU integration has not reduced and possibly even reinforced its internal North-South divide, Spain’s regional imbalances might also have risen because its both most industrialized regions, the Basque country and Catalonia, are neighbouring similarly developed French regions, even if backward and peripheral regions like Galicia and Andalusia (home region of Felipe González) also made very important progress. In Greece like in Portugal, the two least developed member countries (before the Eastern enlargement), 30 years of EU membership have not reversed the excessive concentration -about one third- of the population in the agglomerations of Athens and Lisbon.

<sup>9</sup> In industrial and especially commercial activities, and also in others. However, Spain’s BSCH and BBVA became two of the most important banks of the European Union.

governance. The euro crisis later showed that some part of that progress was rather uncertain and more the result of a credit bubble than of a genuine rise on the ladder of development.

10. The euro, introduced in 2002, proved being, overall, favorable essentially to Germany and the other Northern member states, but quite problematic for the southern partners, even if they seemed to be the main winners in the first years: in reality, they lost rapidly competitiveness, after the introduction of the common currency, due to the excessive affluence of capital flows reinforcing inflationary pressures, rise of wages disconnected of those of productivity and exacerbated speculative tendencies<sup>10</sup>, while the “Northerners” benefitted from a relatively low euro exchange rate favoring greatly their exports.

11. Realistic long-term solutions clearly call for some kind of “New Deal” with a mechanism such as the *Finanzausgleich* existing between the German *länder*<sup>11</sup>, as an essential element necessary to compensate their structurally determined productivity and efficiency gaps. It is true that the populations of Germany, the Netherlands, Finland and Austria largely reject any such *Transferunion* at EU level, but they ought to be reminded that their countries cannot be only beneficiaries without paying any price for it. As some comments rightly recalled at the beginning of the complicated year 2015, “*Germany is not an island*”...

12. The reality of 2015 is that *Syriza*’s electoral victory in January in Greece has confirmed finally what had been said for years by many analysts like *Krugman* and *Stiglitz*: that the *troika* austerity policies were a disastrous -political and social, but also economic and financial- failure, and have to be replaced by very different ones if the EU wants to escape its existential threat brought about by these policies, which have turned now politically inapplicable in Greece (and in other countries). It remained now to be seen if and how a viable compromise for a constructively rebuilt monetary union based on really rational reform policies<sup>12</sup> can be reached by a creative dialogue<sup>13</sup> between the new Greek government, the EU institutions and the seemingly inflexible leaders among the Eurozone’s dogmatic hardliners<sup>14</sup>.

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<sup>10</sup> In the case of Spain, particularly, the bubble was also considerably reinforced by large amounts of money coming from organized crime like drug trafficking, emphasizes the specialist Jean-François GAYRAUD - *Le nouveau capitalisme criminel*, Paris, 2014, p. 73-6. Anyway, the porosity between legal and criminal finance has largely been facilitated by the radical financial deregulation since the 80s, strongly encouraged by international institutions like the IMF and also driven by Europe, with dramatic consequences like in Mexico, *Ibid.*, p. 70-3. In Latin America generally, this tendency is particularly important and has already been highlighted a dozen years ago by Argentinian economist Julio SEVARES – *El capitalismo criminal. Gobiernos, bancos y empresas en las redes del delito global*, Grupo Editorial Norma, Buenos Aires, Bogotá, Caracas etc., 2003.

<sup>11</sup> A compensation of structural differences by regular financial transfers between federal states which are adapted according to the recorded economic efficiency of the different entities of the Federal Republic.

<sup>12</sup> The liberal reforms imposed on Greece by the European Commission-ECB-IMF *troika*, with deregulation, privatisations and strict austerity for the working and middle classes, resemble strikingly the policies of the ‘90s in Argentina which led to the country’s worst ever crisis ending in national bankruptcy in 2001/2, s. the author’s Greece and its Euro nightmare - what are the lessons from Argentina? *Evropaiki Ekfrassi (European Expression)*, Athens, 4. trim. 2011. The *Syriza*-led government, in contrast, calls for easing the austerity for the poorer population groups which has notoriously aggravated not only mass poverty but also the country’s indebtedness, and for raising the fiscal pressure on the wealthy parts of the population, which had practically escaped the austerity measures; it also stopped the privatisation policy which had given few convincing results.

<sup>13</sup> As seem to propose important personalities like Pascal LAMY, in an interview in *Le Soir*, Brussels, 11-2-15.

<sup>14</sup> An important source of critical analysis can be found in the European trade union movement. s. for instance Steffen LEHNDORFF (ed.) - *Divisive integration. The triumph of failed ideas in Europe - revisited*, European

Interestingly, a comment in an important, not precisely leftist daily speaks of Syriza as “...*the first Eurozone government with a democratic mandate to oppose an utterly dysfunctional policy that has proven to be economically illiterate and politically unsustainable.*”<sup>15</sup>

13. For the former *Eastern Bloc countries*, the global balance of over 20 years of “transition” and progressive absorption in the EU is not too obvious. Modernization of production processes and even more of consumption patterns took place, Western-type democracies were created and are more or less functioning without too many troubles<sup>16</sup>, and after a steep decline in GDP following the fall of the Berlin Wall growth rates were comparatively satisfactory. All this is certainly true for Poland which counts for around half of the population of the ten new member states admitted in 2004<sup>17</sup>. So, in comparison with the former situation, talking of *success stories* does not appear as an exaggeration. But social inequalities and marginalization have often risen strongly, as the drama of the *Romas* shows, mass emigration and falling birth rates have reduced for instance Bulgaria’s population by over one fifth, and political tensions have given rise to powerful extreme-right parties like furiously anti-Semitic *Jobbik* in Hungary. Even in quite prosperous Czech Republic, political instability and strongly Europhobic attitudes, as well as heavy corruption scandals, are notorious. So the integration into the West has hardly been a ticket to prosperity and satisfaction for everybody, and the overall balance has some dark sides. If “real socialism” was certainly far from successful in historical perspective and had the well-known aspects of harsh political repression, excessive bureaucracy etc., the later experience of “real capitalism” and joining the EU was not as entirely positive as indicates a superficial official discourse: not only some nostalgics of communism tend to dislike that “Union” which now dominates them, imposing its often inadequate prescriptions<sup>18</sup>. The EU seems thus condemned for some more time to be destabilized by a deep North-South contradiction and a not less serious West-East divide. As an editorial summed up, “Eastern Europe is failing to catch up with the west”<sup>19</sup>.

#### *Lessons, experiences and examples from outside Western Europe ...*

14. If there are highly interesting positive and not-so-positive lessons to be drawn from Western Europe integration for others, which should be reconsidered with realism, we ought to have also a look on examples from other regions. There are some good and other rather

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Trade Union Institute, Brussels, 2014. But even quite liberal comments stress that Syriza might bring a new opportunity with a rational reform policy and a new, politically and economically more viable Eurozone system.

<sup>15</sup> Wolfgang MÜNCHAU - Athens must stand firm against the Eurozone failed policies, *Financial Times*, 16-2-15.

<sup>16</sup> Of course, recent Hungarian authoritarianism might be an indication of the contrary, but Western democracies with much larger histories also show often increasingly dangerous signs of falling apart, with the rise of right-wing populist parties in great part due to EU failures and sometimes mafia-style collusion of top politicians.

<sup>17</sup> According to Austrian estimates, from 2003 to 2013 Poland, Czechia, Slovakia and Hungary combined raised their part of the EU GDP from 3.7 to 5.4% and of EU exports from 5.8 to 9.1%; Poland, with half the population of the ten new member states of 2004, can now be considered as exemplary, rose from 43 to 63% of EU per capita GDP, EU-Ost-Erweiterung brachte Wachstum und Wohlstand, *Frankfurter Allgemeine Zeitung*, 28-4-14.

<sup>18</sup> The high popularity of right-wing Hungarian Prime Minister *Viktor Orban* is certainly related, among other elements, to his opposition to EU policy prescriptions seen, rightly or not, as detrimental by many citizens.

<sup>19</sup> Lost in transition, *Financial Times*, 22-11-2013, and the annual reports on this subject published by the *European Reconstruction and Development Bank* in charge of these countries.

unconvincing experiences of regional integration, and mixed experiences like CARICOM, which are all also very useful for being taken into account for the overall picture.

15. For instance, the *Soviet Block* grouping known as CMEA or COMECON aimed at organizing a kind of “socialist international division of labor” based on “internationalism” and solidarity between “brother countries”. But Rumania did not want to be reduced to its role as a producer of agricultural machinery while richer partners Czechoslovakia and East Germany were hardly enthusiastic to give substantial aid to the poor developing countries Mongolia, Cuba and Vietnam which also joined the group. Even so, the “communist common market” was able to reach some real industrial and social progress in its member countries -most of which had been very backward- and a certain reduction of their intra-block development gaps. The same can certainly be said about the CMEA’s leader country which covered nearly one sixth of the earth and had a population much larger than that of all its partners combined: the evolution of intra-Soviet gaps of development showed, more than an “empire” exploiting its internal colonies, rather a kind of large technocratic machinery able to promote important industrial development and social progress also in very backward regions in Central Asia, not without at least one big ecological disaster. On the other hand, the most developed republics in the Baltic region, also its most Western parts in geographical and cultural terms, became the most unsatisfied and initiated therefore the break-up of the multiethnic country which had received, nearly unchanged in its borders, the complicated inheritance of the Czarist empire.

16. Maybe the main lesson -on national and regional levels- from here is that rigid central planning can have been relatively efficient in itself -whatever is to be said about the tremendous political and human cost of Stalinism, Maoism, even Titoism etc.- in the initial stages of industrial development, and also for raising the education level and promote womens’ rights, but much less in higher developed countries, as shown by the *Prague spring* of 1968, the *Solidarnosc*-movement in Poland a dozen years later and finally the break-up of the block and of the Soviet Union itself. Also, the preservation of environment was hardly a priority, despite the absence of large private oligopolies pursuing their egoistic corporate interest, even less than in advanced capitalist countries where it became an important citizens’ concern. The *Chernobyl* accident in 1986 was certainly a milestone in the fall of the Soviet system. But anyway there should be better ways of *régime change* than those, based more on the “Washington consensus” than on the “European social model”, experienced in the years after the demise of the Soviet Block and the USSR itself, with enormous and often unnecessary high social costs and rather ideology-motivated and oligarchy-creating mass privatizations, all this consolidating a new West-East-divide inside the EU, as mentioned before. For tomorrow’s Cuba, a better and less disruptive transition should be possible, and, as we have seen, China is there an obvious example, whatever might be said about its less brilliant sides like huge environmental problems and rising social and regional inequalities...

17. Turning now to the *Caribbean*, with its more than a dozen of very small and even microscopic states, some of which with less than 100.000 inhabitants, we can consider that it is the one region which really calls for important progress towards the integration and cooperation between their weak economies. There have been some steps forward in four decades of CARICOM, with regional trade increasing from around 5 to 13% in a dozen of



years, but mostly tiny islands with their own quite differentiated identities -not only between English-, French-, Spanish- and Dutch-speaking islands-, hardly complementary economies and very high transport costs<sup>20</sup> have certainly also enormous difficulties in realizing significant steps towards regional integration. Even so, some useful investments have been channeled to the less developed members by the *Caribbean Development Bank*, there are milestone initiatives like the *University of the West Indies*, with campuses in several English-speaking member states, and other institutions for cooperation in tourism, transport, trade, meteorology, as well as joint diplomatic representations, which could be useful examples for others, even in Europe. For instance, culture, education and better understanding between Europe's peoples have undoubtedly benefitted from millions of *Erasmus* scholarships, but besides the *Colleges of Europe* in *Bruges* (Belgium) and *Natolin* (Poland) and the *European University Institute* of Florence there should certainly be more of that kind of initiatives if good understanding between the peoples of Europe is to be really promoted as a way to fight efficiently rising euro-skeptical and outright Europhobic tendencies. Joint diplomatic representations should be becoming common practice, at least partially, with the newly established *European External Action Service*. For the Caribbean, as for small and very small states generally, not only trade and cross-border investments etc. are important, but also other aspects, like public goods in social and physical infrastructures and intangible advantages like negotiation capacity in international instances, which is difficult to mobilize for very small states; adequate solutions are needed, among others, for the loss of tariff revenues, which are important for very small developing countries<sup>21</sup>. There is also room for useful "sub-regional" integration -inside the larger CARICOM framework- as for the tiny members of the *Organization of East Caribbean States* (OECS) with their common currency.

18. There is still a long way, in both cases, for a kind of joint foreign policy and for "speaking with one voice" in world affairs, as shown by the chronic European cacophonies in the relations with the USA, Russia or China, or even with the neighboring Arab-Islamic world. Similarly, in the Caribbean, the Grenada issue showed in 1983 deep intra-regional divisions in the context of the Cold War's Caribbean projections; even today, some countries maintain relations with Taiwan and others with China -and sometimes changing the partner, like Dominica a decade ago from the former to the latter and fellow OECS member Saint Lucia the other way round a few years later-; if all of them -oil-rich Trinidad excepted- decided to benefit from Venezuelan-financed *PetroCaribe*-initiative for their vital oil imports, but creating and also a new dependency<sup>22</sup>-, some have sided with the Venezuelan-Cuban sponsored "socialist" ALBA group -with risks for their crucial links to the USA and Europe, while others did not; and there is also the very complicated question of how to integrate independent states, even if micro-states might not have a substantial real independence in many aspects, with politically dependent entities like the French Overseas Departments,

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<sup>20</sup> Flying from one Caribbean country to another often implies to pass by Miami or Panama and even journeys between neighbouring islands are often comparatively very expensive.

<sup>21</sup> Walter KENNES - *Small Developing Countries and Global Markets. Competing in the Big League*, Basingstoke (GB) and New York, 2000.

<sup>22</sup> Now itself short of money, Venezuela must certainly cut considerably its aid to the Caribbean, often representing a large percentage of national oil imports, like in Cuba and Haiti, with foreseeably heavy impacts, v. Oil slide forces Venezuela to rethink subsidies agreed in Chávez glory days, *Financial Times*, 15-1-15.

which are legally integral parts of France and therefore also of the European Union. How can Haiti and Dominican Republic be “good neighbors” despite the terrible challenges of the former and their -today more than ever before- dangerously divisive migration issue, and how can common positions be found between the latter and the English-speaking CARICOM members with altogether less inhabitants than this country alone which has much more in common with the Central American countries? What about common policies for the challenges of the evolving links with the USA, concerning their free trade proposals, and the EU related to its *Economic Partnership Agreement* replacing, with expected benefits of a new economic dynamism, the traditional trade preferences for sugar and bananas? How to address the gigantic problem of money laundering, drug trafficking and organized crime, if drug money has already been estimated, a dozen years ago, at around 8% of world trade, and money laundering at 2-5% of world GDP<sup>23</sup>? Since that date, it has been ever more present and become seemingly impossible to eradicate in the vast area of Latin America and the Caribbean, as show over 70.000 casualties of Mexico’s “war on drugs” of the last years.

19. There are endless other questions around the complicated and often controversial integration *problématique*, like the necessarily very differentiated treatment of the EU’s *outermost regions* (*régions ultrapériphériques*) which are the French Overseas Departments, the Canary Islands, the Azores and Madeira; the island regions generally, like very mountainous and sparsely populated Corsica and the numerous, often very little populated Greek islands; the difficult “integration” in one large region of a “rich” oil exporting country suffering heavy “Dutch disease” like Venezuela<sup>24</sup> and a poor mountainous one like Bolivia in the same Andean group; something similar might prevent also oil-rich Trinidad from playing a leading role in CARICOM where it rejects being taken as a kind of “ATM machine” for its poorer neighbors, and others from respecting CARICOM or Mercosur or EU common market commitments; the hardly convincing union of a still in many aspects “underdeveloped” country like Mexico with two of the richest ones<sup>25</sup>; the possible marginalization of provinces far away from the main industrialized core regions, and even intra-national centrifugal tendencies (Belgium, Spain, Italy, UK) linked in different ways to globalization and also EU-style regional integration processes. There are many lessons available in all directions ...

20. The reopening of diplomatic relations between Cuba and the United States in 2015 will bring interesting new opportunities and also some problems to the Caribbean, the latter ones especially by the foreseeable rising competition of Cuba with the other countries’ tourism industries. Among the keys of new constructive relations, triangular cooperation with partners like Brazil and the EU in the Caribbean should be an interesting possibility,

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<sup>23</sup> J. SEVARES - *Op. cit.*

<sup>24</sup> The author’s first major reflection about integration issues related to the development questions was precisely about this subject: how can Venezuela with its relatively high salaries and low general competitiveness -hence a drastic case of the so-called “Dutch disease” of an overvalued currency due to important natural resources like oil-, which joined the Andean Pact some years after its creation, benefit from it, if it is neither competitive in agriculture nor in industry, except maybe in some capital-intensive branches, s. V. SUKUP - *Le Venezuela et le Pacte Andin - problèmes et perspectives*”, in *Cahiers des Amériques Latines*, Paris, No. 21-22, 1980, pp. 157-88.

<sup>25</sup> As a comment about the 20<sup>th</sup> anniversary of NAFTA recalls, the *per capita* income of the US continues to be five times that of Mexico, and if “regional supply chains have deepened, yet this process is not reflected in greater intra-regional trade. Today 40 per cent of total North American trade takes place within Nafta, slightly less than in 1993.” Mexico and Nafta at 20. Why it all went wrong, *Financial Times*, 19-1-14.

especially in cases like Haiti, still in difficult convalescence five years after its apocalyptic earthquake. Other synergies might have an important potential, such as those between the French Overseas Departments and Haiti or between Spain and Cuba. We could also imagine that Europe and China, which is increasingly active in the Caribbean and especially in Cuba – certainly one of the factors behind Washington’s decision- could be, here and elsewhere, partners as well as rivals, for instance in the crucial field of renewable energy. Anyway, the end of Cuba’s relative isolation should open the way to very interesting new possibilities of regional cooperation, Caribbean-Latin American initiatives and internal economic reforms, with another great question mark concerning the future of today main Cuba’s ally, Venezuela.

21. Of course, we should equally, and very especially, take lessons from *East (and also South East) Asia*, where the world can learn a lot not only from millennia of Chinese civilization and wisdom but especially also from China’s recent rebirth as an economic superpower, following previous examples of Japan, South Korea and Taiwan particularly but applying their recipes intelligently - not without big problems and mistakes, inevitably- to the circumstances of its enormous population and territory<sup>26</sup>. They all show that dynamic integration into world markets can be realized also without formal regional markets and integration mechanisms, and that over-reliance on market mechanisms is certainly not the most promising policy. Combinations of market mechanisms with different forms of strong state intervention -even in very liberal Hong Kong, in fields like public education, housing, transport etc.- including important protectionist measures have been very successful in obtaining rapid economic growth and also important social progress with the rapid elimination of illiteracy and a sharp reduction of poverty levels. East Asian economies got much closer without any formal integration project, with even Japan being now much more linked by trade and investments to Korea and China while political tensions and historical animosity towards the former aggressor continued to be overwhelming; other regions with integration projects and institutions, as in Europe and Latin America, showed rather a stagnation of intra-regional links<sup>27</sup>. Singapore and Hong Kong illustrated how tiny entities in tropical areas were able to create highly prosperous and well-functioning small economies constructively linked to their immediate surroundings and also to worldwide structures, while Malaysia, a relatively small and very resource-rich country, succeeded in escaping from the curse of Dutch disease and the inefficiency typically associated with such realities ...

22. All this certainly does not mean that Europe, or Latin America, the Caribbean and others, should abandon their regional integration goals; but they certainly ought to rethink them thoroughly and at the same time to be much more imaginative in their choices of economic and industrial strategy, striking a constructive balance between market forces and an adequate kind of public intervention on national, regional and local levels, as well as between regional and world markets. After all, integration projects are always the result of

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<sup>26</sup> Abundant useful reflections and data can be found in Martin JACQUES’s quasi-encyclopaedical analysis *When China rules the world*, Penguin, London, 2012.

<sup>27</sup> WTO figures indicate, shows a specialist, that between 1979 and 1997 intra-regional trade stayed practically at the same relative level in Western Europe, with 66.2 and 67.3% respectively of its total foreign trade, in Latin America (20.2 and 19.9%) and in North America (29.9 and 32.0%), while rising considerably in Asia from 41.0 to 52.7%. Jean-Marc SIROËN - *La régionalisation de l’économie mondiale*, Paris, 2000, p. 8.

one basic reality: if *David Ricardo*'s classical theory of comparative advantages justifying worldwide unrestricted free trade were really always applicable such as proposed in his historic *Principles* ..., no free trade area of any sort would be useful; and if *Friedrich List*'s not less important idea of the convenience of temporary, selective and rather moderate protectionism against more competitive third countries were always suitable, as he rightly viewed for the case of the German states on their way to national unity, but much less for isolated smaller countries, no integration project would have any sense either. So regional integration projects always need some regional priority or *préférence communautaire* in EU terms against too powerful or more competitive third countries, and the resulting elements of state interventionism including adequate protectionist measures, and should not be based on a fundamentalist view of market mechanisms as the sole guiding principle of economy. In the Caribbean case, of course, this can only be one of various necessary elements, together with other specific ones related to energy, environment, disaster prevention, common efforts in education, R&D, agriculture and food security, transport, health etc....

*China and East Asia: how is their surge changing the Caribbean and the world?*

23. It is extremely interesting, of course, not only in these specific comparisons, to have a thorough look on the experience of China whose very specific transition from “real socialism” to something else has generated impressive progress in economic, social and also technological-scientific fields. Certainly, all this has come together with strongly rising social and regional inequalities and huge environmental costs, and Western-style democracy -which despite its weak points, limitations and contradictions is certainly still the main political model for the Caribbean region and Latin America- is not on Beijing's agenda. Anyway, given the dimensions of the country and the importance of its cultural heritage, the world of the 21<sup>st</sup> century is increasingly, and already considerably, shaped by China which will soon be the world's largest economy and is already a crucial player in global politics. This fundamental fact cannot be ignored by any other actor, be it national states or regional groups including the EU or CARICOM, as China is becoming practically everywhere a major, and often the main trade partner, whose ever-increasing presence is changing inevitably many established rules and traditions, and commodity and industrial prices, among other realities<sup>28</sup>.

24. Also in the Caribbean, China is playing now a rising role as exporter of consumer goods and as an increasingly important provider of investment, especially in Cuba, Guyana, where it has become a very essential partner, and even more in *Suriname*. This latter country has been also destination of a sizeable Chinese immigration, which amounts already to around one tenth of the population and has motivated talks about the very sparsely populated and resource-rich former Dutch Guyana<sup>29</sup> becoming a sort of *Chinese Guyana*. As an article described in 2011, “*Meanwhile, though precise figures are hard to obtain, China is also*

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<sup>28</sup> M. JACQUES - *When China ...*, *Op cit.* See also this author's recent comment The myopic western view of China's rise, *Financial Times*, 23-10-14.

<sup>29</sup> With around half a million of inhabitants and 160.000 km<sup>2</sup>, Suriname is one of the countries with the lowest population density, but it has an important potential for agriculture and exploitation of other natural resources.

thought to have emerged as the top provider of aid to Suriname after the Netherlands conveniently ended important aid disbursements here around the time of Mr. Bouterse's election last year. Aside from the new Foreign Ministry building, designed and built by Chinese companies, China's aid to Suriname includes military assistance, construction of low-income housing, a plan to derive renewable energy from rice husks, help for shrimp farming and an upgrade of the state television network.<sup>30</sup> Quite an ambitious program indeed, which recalls a recent book about Chinese «colonisation» by more than one million migrants to also resource-rich Africa, where China is largely replacing Europe as the main commercial partner and source of foreign investment, in an, according to the Chinese, “win-win-situation” which might be real in many aspects, but, estimates the author, truly “win-win” often rather for local leaders than for the countries' fundamental long-term interests<sup>31</sup>.

25. Chinese presence can obviously have very mixed effects also in the Caribbean, and the question is how to minimize the negative or controversial ones while maximizing the positive consequences. There are complaints about Chinese labor displacing local workers in countries with chronic high unemployment, and imports of Chinese consumer goods are often, as in other places, a huge challenge for local producers, but imported capital goods from China might be an increasingly interesting alternative to European and US ones. So, for instance, China's new competitiveness in renewable energies can give a considerable boost to Caribbean production and consumption by reducing the high prices of regional electricity through more affordable solar panels and wind energy. And there are other possibilities of taking advantage of China's transformation into an economic superpower and of its technological progress. But as the commodity-exporting large and small Latin American countries' recent experience shows, there is also the concrete danger of new unequal “North-South-relations” where the Southern countries export essentially primary goods and import, often damaging their own industrial production, manufactured goods from the Northern country. Analyses of the UN *Economic Commission for Latin America and the Caribbean* (ECLAC) show, in fact, that the explosively rising trade between this region and East Asia is even notably more typically “North-South” than that with the traditional partners Europe and USA and of course of the intra-regional trade, where regional projects like Mercosur and CARICOM favor the exchange of manufactured goods between the member countries<sup>32</sup>.

26. *Cuba*, with half of the Caribbean islands' territory, more than a quarter of their population and probably even much more of their scientific and economic potential, is of course a very special case. Here we find a relatively important, already quite ancient and well integrated, Chinese immigration stock and the Caribbean's by far largest Chinatown. And there exists obviously some ideological association inherited from Cold War times, even if today's Beijing has no interest in promoting any socialist revolution in the world. But a kind of “market economy with Chinese characteristics”, maybe accompanied by “rule of law with Chinese characteristics”, can be in many aspects an interesting model in Cuba's search for a

<sup>30</sup> With Aid and Migrants, China Expands Its Presence in a South American Nation, *New York Times*, 10-4-2011.

<sup>31</sup> Howard W. FRENCH – *China's Second Continent. How a Million Migrants Are Building a New Empire in Africa*, Alfred A. Knopf, New York, 2014.

<sup>32</sup> ECLAC - *Strengthening biregional cooperation between Latin America and Asia-Pacific. The role of FEALAC*, Santiago, 2013; Andrés OPPENHEIMER - El fin del idilio con China, *El País* (Madrid), 15-9-12.

new way of organizing its economy while avoiding the inconvenients of unfettered “free market” and “free trade” US style capitalism. Fast-growing commercial exchanges, investments and other links<sup>33</sup> seem to show that somehow China’s recipes might be already becoming progressively the main guidelines of a future post-Castro Cuba. Its now firmly established close relations with countries such as Venezuela and Brazil and its well-deserved prestige as a very helpful cooperation partner in the English-speaking neighbor islands and Haiti should give it also the role of a sort of cultural and political bridge between Caribbean and continental Latin American countries, for which the newly created continent-wide -but without the US and Canada- CELAC organization could be the key institutional instrument. There is certainly a huge potential in such a convergence movement of both hitherto historically, culturally and politically very distant regions, as there is in the Chinese connection offering some practical alternatives to traditional US and EU links. Of course, the EU, first investor and second trade partner of the island and whose *High Representative* recently paid an unprecedented visit to Cuba, should not miss the opportunity to seek new and more constructive ties with the island and try to integrate it in its global Caribbean policy which could become more imaginative and reconsider its approach of mainly focusing its links with the region on its rather controversial EPA.

27. If China is of course by far the main power and economy in the Far East, its neighbors should not be forgotten either. In the Caribbean, five countries, among them the Dominican Republic and Haiti, maintain diplomatic relations with Taiwan, and for tiny Saint Kitts and Nevis, this connection is extremely important; in other countries of the region also the Beijing-Taipei rivalry has brought a stiff competition for their sympathies –and corresponding votes in the United Nations- with the multiplication of projects of hospitals, roads etc. Japan has also an important presence here and South Korea is emerging as a middle-sized player. Outside East Asia, India, with its numerous descendants in Guyana and Trinidad and its appearance among the large “emerging economies”, has also reinforced its presence in the region, where its success in modern communication and information technology is seen with justified interest. All these new players will be important elements in the overall regional development strategy, which can only be based on a combination of regional cooperation and a dynamic and imaginative insertion in the wider global economy.

*An interesting “exotic” case which might give some excellent ideas: the Andean Pact*

28. As Pope Francis said right after his election, his colleagues of the conclave had found the new chief of the Catholic Church “at the end of the world”. Maybe something similar could be useful also in the field of regional integration and its problems.

29. Looking around the globe, we find indeed a rather exotic experience which could deserve particular attention: the *Andean Pact* founded in 1968. Despite the specificities and

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<sup>33</sup> See in detail INSTITUT DES AMERIQUES - *La présence de la Chine dans la Caraïbe. Etude menée par l’Institut des Amériques pour le compte de l’Agence Française de Développement*, coord. Eric DUBESSET, Carlos QUENAN and Viktor SUKUP, Paris, 2014.

underdevelopment of the Andean countries from Venezuela to Chile, there are three ideas which appear as useful, even if the Andean Pact's overall experience has not been convincing, if European realities are hardly comparable, and if the world has changed a lot in the last decades. The Andean Pact, now an *Andean Community* sharply divided between opposing political options recalling the former East-West divide, was not successful in practice due to circumstances like the impact of the oil shocks, very weak pre-integration intra-group trade links, few support by civil society, political changes towards right-wing regimes, enormous internal socio-economic differences, extremely high transport costs etc.-, but even so its basic ideas can be seen as potentially very useful ingredients for other regional projects.

30. Three basic and related elements characterize the Andean model in its initial years, when reformers like Chile's *Frei* and Peru's *Velasco Alvarado* dominated regional politics:

- rather than letting "markets" alone determine all essential economic development, *Sectorial Industrial Development Programs* aimed at distributing automotive and other new industries more evenly between the member states, in order to avoid their concentration in the most advanced or richest countries of the group;
- for Bolivia and Ecuador, recognized as *economically less developed countries* of the group, special measures allowed slower intra-group tariff elimination and other advantages in order to ease their exposure in the nascent regional common market;
- *multinational enterprises* were asked to stay out of certain sectors like publicity and local transports, and their profit remittances should not exceed a "reasonable" level, while Andean Pact member countries agreed on a *common policy* towards them in order to avoid ruinous tax and other competition in attracting them.

31. It appears that there are here quite interesting answers to three basic problems suffered by all regional projects: the balance between market mechanisms and state intervention, the difficulties of the less developed member countries, and the controversial role of multinationals. As analyzed long time ago by one specialist, "common markets in developing countries" need some state guidance and even intra-bloc positive discrimination<sup>34</sup>, but after decades of EU integration and years of euro crisis we can conclude that the same holds true for Europe. Moreover, there are some useful hints here for more constructive and balanced North-South and EU-Third-World-relations generally, for which there is a lot to do in order to improve its policies at the crossroads of *Millennium Development Goals* and the *Sustainable Development Goals* defined in the Rio+20 Conference, and for how to initiate really the very necessary "energy transition" to a low-carbon economy, probably the main key for the salvation of what *Jeremy Rifkin* called, a decade ago, the *European Dream* ...

«Sustainable Development» - a few elements of the contemporary discussions...

32. We can hardly neglect here to try to sum up some elements of the discussion, which is as complex as it is necessary, about "development", at least with a short and

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<sup>34</sup> Henri BOURGUINAT - *Les marchés communs dans les pays en voie de développement*, Librairie Droz, Geneva, 1968.

objective, but also, necessarily, differentiated and critical view. Half a century of "cooperation for development" obviously failed to bring about what it ought to produce, i.e. modern and dynamic "development" in the majority of the "developing countries"; if certain countries, mostly in Asia, have realized remarkable progress, not without huge environmental costs it is true, it was rather due to other factors than those policies. Today is therefore usually emphasized, much more than "aid", rather what is called "partnership", "good governance" and "appropriation" of those policies by the partner countries<sup>35</sup>. There exists also, now, a quite general consensus that development should be "sustainable", a term to be understood not only in an environmental, but also in a social and economic perspective.

33. But this development, in its different versions, such as proposed by international institutions and professionals since World War II, resembles often, recalls the renowned economist *Gilbert Rist*, an eternal illusion, a kind of oxymore or utopian "Western belief" which never comes true<sup>36</sup>. Unfortunately, even with different adjectives such as "social", "human", "local" and "sustainable", underlines *Serge Latouche*, another very critical specialist of development economics, it will hardly become more realistic. Development, he adds in this perspective, rather means destruction of the framework of traditional life, which used to be poor but relatively bearable or even satisfactory, and a disastrous plundering of not renewable natural resources<sup>37</sup>. According to *Samir Amin*, a third well-known veteran of critical ideas about development, more than "poverty" we should talk, in the developing countries, about "impoverishment", because this poverty results, he says, principally from the commercial exchanges which have been imposed since long years by the dominating capitalist central countries on those of the periphery. All this relates, certainly, more to Africa and Asia than, for example, to the Caribbean, but should also be taken here into account, where sometimes locally based productive activities could constitute a useful alternative.

34. And it is also true that, contrary to the rather discouraging opinions or these authors, we can point to certain *success stories* of some countries which could contradict them at least partially<sup>38</sup>. It is clear, nevertheless, that the question of development, especially its compatibility with the preservation of global environment and the future availability of natural resources, such as it is presented since more than forty years by the *Club of Rome*, continues to be, and even more than ever, a highly topical issue. As recalls the already mentioned veteran of a very critical sight of this problem, development -understood as being essentially a repetition of the process which has characterized the present industrial countries – can be "theoretically reproducible", but "not universally attainable" because of the physical limits of the planet which "*would make the generalisation of the American way of life impossible and explosive*"<sup>39</sup>. A fundamental truth which, despite its evidence, is too often

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<sup>35</sup> COMMISSION EUROPEENNE - *Le consensus européen pour le développement*, Luxembourg, 2006.

<sup>36</sup> Gilbert RIST - *Le développement. Histoire d'une croyance occidentale*, Presses de la Fondation Nationale des Sciences Politiques, Paris, 1996.

<sup>37</sup> Serge LATOUCHE - *Survivre au développement.*, Mille et une Nuits, Paris, 2004.

<sup>38</sup> This is the case of course, particularly, of the Asian "tigers", but they don't represent, if we take the four classic "tigers" South Korea, Taiwan, Singapore and Hong Kong, more than about 0,1% of the territory and 1,3% of the population of the world; this does not deny but relativizes strongly their possible model character.

<sup>39</sup> S. LATOUCHE, *op. cit.*, p. 15.



ignored in practice, if we look for instance at the rapidly increasing traffic jams in Chinese, Latin American and Caribbean cities...

35. An alternative thinking, in fact more realistic given the existing physical constraints, and represented particularly, in its contemporary political manifestations, by the "Green" parties and "alterglobalist" movements, leads us to prefer as indicators of real progress the UNDP's *Human Development Index* to the simple of GDP per capita account, which gives a very distorted view of the real satisfaction of the population's needs. We can also go further, as intended by the authors of an *(Un) Happy Planet Index* which takes particularly into account the ecological footprint of the countries, and therefore the consequences of their economic activities for tomorrow's environment, and in this perspective the Latin American and Caribbean countries are generally situated in a very good position<sup>40</sup>.

36. Concerning the *Millennium Development Goals* (MDG) defined by the UN in 2000 -radical reduction of extreme poverty, illiteracy, infant and maternal mortality etc.-, it is true that important progress has been realized, especially in East Asia for sure, and that the Caribbean countries are situated, globally, in a relatively favourable position, but in danger of losing it due to the impact of the world crisis<sup>41</sup>. It is also clear that the countries which have registered important progress had it less by the success of international assistance than because they realized, like China, dynamic economic growth by deciding themselves the form of their integration in the world economy while pursuing simultaneously quite coherent and very strong economic, health and education policies<sup>42</sup>.

#### *Some concluding remarks ...*

37. If we look at today's apparently unresolvable EU's problems -many of which are quite similar to those of other regional integration projects-, we see the interest in taking all these lessons, examples and ideas very seriously. Obviously Europe's, or rather the EU's<sup>43</sup> stagnation, the rapidly rising popular frustrations -with their inevitable consequences of a dangerous rise of extreme-right and Europhobic populism in many EU countries due to a deteriorating social reality and the failure of political leaders to find adequate solutions, and the still looming explosion of the euro system, are all largely due to three main factors:

a) the lack of any common "industrial policy", together with coherent energy and transport policies etc., to counter the rising difficulties of competing successfully with economies like those of the US and China, and of a convenient foreign trade policy including

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<sup>40</sup> NEW ECONOMIC FOUNDATION - *The (Un) Happy Planet Index 2.0*.

<sup>41</sup> EUROPEAN COMMISSION - *L'Union européenne, l'Amérique latine et les Caraïbes: un partenariat stratégique*, Bruxelles, 2006; WORLD BANK - *The MDGs after the Crisis*, Washington, 2010.

<sup>42</sup> Les promesses non tenues de l'aide internationale, *Le Monde*, 12/13-9-10.

<sup>43</sup> In fact Norway, Iceland and Switzerland, which have remained outside the block and are the most prosperous and socially balanced countries of Europe, do not suffer the same problems, and Scandinavian EU member states Denmark and Sweden, which did not join the euro system, much less than their partners.

some useful measures of protectionism<sup>44</sup>; at the same time, Europe's role as one of the world's leaders should certainly be based on an emphasis on really "sustainable development" and a thorough redefinition of what is genuine progress, rejecting the misguided ideology of blind GDP growth, and even the complete "development ideology"<sup>45</sup> and preparing seriously a constructive and imaginative "energy transition";

b) the structural problems of its "less developed countries" such as Greece and Portugal -and also others- which are seriously undermining the cohesion of the group by the looming danger of an explosion of the common currency and maybe even the Union itself;

c) the often fierce competition in attracting investments at any price by tax breaks and similar methods, as exemplified by countries like Luxemburg, Ireland, Slovakia and Estonia.

38. It thus appears that the triple idea of that other regional group -the Andean Pact- created nearly half a century ago in a very different historical and geographic context could provide a good starting point to overcome the EU's crisis and that of other regional projects, including that of geographically neighboring but very different case of CARICOM. Even a rapid glance at other groups show that market mechanisms alone can certainly not resolve their problems, that Mexico in NAFTA, Paraguay in Mercosur and even more Haiti in CARICOM all need much more "special treatment" if they should ever be able to "narrow the gap" -or even one day to close it-, and that a real convergence in fiscal policies and treatment of foreign capital would undoubtedly constitute a very useful, probably necessary step ...

39. At the same time, East Asia -whatever might be said about its different political, environmental and other problems- shows interesting examples of more balanced and efficient ways to combine market mechanisms with an active role of the state in view of confronting the problems of the present and preparing the future, as has been acknowledged by the World Bank in 1993 due to Japanese pressure, in the middle of the years of dominating *Washington Consensus*.<sup>46</sup> Neither a purely liberal "free-trade" and "free market" policy nor a Soviet-style central planning could have brought about the success of dynamic economic and social development in China and the Asian "tigers". Even Vietnam, with its tragic history of decades-long wars, mass emigration and enormous destructions, has realized important progress, reconciliation with the USA and a dynamic development under a continued Communist Party direction. If, as did the EU in recent decades, too much emphasis is put onto the market, it will, from framework for the economic functioning of the regional group, become gradually the very purpose of the union<sup>47</sup>, which loses consequently any middle- and

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<sup>44</sup> The German opposition in 2013 to EU anti-dumping measures against imports of Chinese solar panels -even ruinous for the German producers- is a significant sign of what appears as a lack of long-term strategy: if Europe wants to be independent in solar energy, it should probably accept some short-term extra costs for staying itself in this crucial sector and not just rely on dependency-creating imports from its partner and already main rival.

<sup>45</sup> As criticized with good reasons since the 1970s by the *Club of Rome*, numerous other organizations and, more radically, authors such as the French development sceptics G. RIST, *Op. cit.*, and S. LATOUCHE, *Op. cit.*

<sup>46</sup> WORLD BANK - *The East Asian Miracle. Economic Growth and Public Policy*, Oxford University Press, New York, 1993.

<sup>47</sup> Pierre DEFRAIGNE - *The euro, the model and the power*, Madariaga - College of Europe Foundation and European Trade Union Institute (eds.), Brussels, 2013, p. 22.

long-term view of its possible and desirable future. And as recent problems show, such a “market-driven” policy has ended up in the most dangerous crisis of the EU’s entire history...

40. Regional integration in contexts like the European, with its dozens of nation states, of which even the largest will not be a real “economic power” by itself at the middle of the century, continues certainly to be a crucial necessity. This applies of course even more to Latin America and the Caribbean: middle-sized, small and even microscopic states will have increasing difficulties in defending their vital interests facing ever-more powerful multinationals and big powers, especially given the breakdown of the WTO’s Doha round - and of the US plans of a hemispheric free trade area- and the general tendency of a return to bilateral deals, if they don’t join forces with their regional partners. But integration should be seen in the context of competing economic models and the multiple -economic, social, political, moral and environmental- worldwide problems brought about by short-sighted leaderships, neo- and ultra-liberal ideology and the rising domination of unlimited financial speculation. As most serious analysts agree, finance should urgently be controlled again by the real economy<sup>48</sup> and the latter by democratic politics, which itself ought to engage seriously in preserving the global environment, the irreplaceable physical base of all economic activity. Today it’s rather the other way round, and as long as there is not such a turnaround in this overall context, not even the most ingenuous integration project will be able to achieve much of significant, lasting and real progress of its member states.

41. Anyway, if all this applies without any doubt for the Caribbean as well as, and even more than for other areas of the world, this region has of course also its own specific necessities, among which regional cooperation and integration with special characteristics will continue to be of utmost importance. Besides the general goals of a common market in order to create more efficient economies and more competitive industries, and of enhanced negotiation capacity towards third countries, there are here other priorities to be taken into account, among them common energy, transport and environment policies, together with cooperation in agriculture and food security, disaster prevention, industrial projects, “sustainable” tourism and fiscal policies; there is of course also the great challenge of redefining its external relations, with North America and Europe, but also with China, continental Latin America and other actors. And as the demand of drugs and the origin of the trafficker gangs’ arms are located in the North, a serious cooperation with these partners requires obviously a constructive reorientation worldwide in order to engage a real fight against organized crime and money laundering, which constitute an extremely dangerous sort of cancer for many of the countries of the greater Caribbean area...

42. As a sort of general conclusion we could sum up that

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<sup>48</sup> The revelations, some months ago (November 2014), of the huge extent to which Luxemburg -certainly well-known already before for being a fiscal paradise- organises an aggressive tax evasion and avoidance system, which is very detrimental to its EU partners, might constitute a significant turning point. Large member states like France, Italy and Germany seem now to press for reducing considerably those practises, which illustrate the pertinence of arguments calling for a tight control of the financial sector and large multinational enterprises. As a certain number of Caribbean islands are well-known “finance offshore” places, they should certainly also think about adapting or reducing their activities in this field before they might be obliged to it from outside...

- as we have already seen, there exist *considerable trade-offs* between the necessary *distributive justice* inside a regional group and *maximum economic efficiency* in its challenges of external competitiveness, something which we find practically everywhere, be it the EU, the former CMEA/COMECON or other groups. These contradictions tend to produce acute tensions between the relative or absolute “haves” and the “have-nots”, as solidarity existing within national borders is not easily reproduced on a regional scale: Germans accept to pay for other Germans but not so easily for Greeks or Portuguese, as Guyanese or Trinidadian importers are likely to prefer cheaper products from outside CARICOM to Jamaican ones ...;

- a *monetary union*, whatever its theoretical and practical advantages, should certainly be established only after thorough analysis of its probable or even inevitable effects, which might tend to favor automatically the stronger member states; in any case, in order to function in a satisfactory way, it must be combined with advanced common economic policies and should hardly regroup countries with too different levels of productivity and competitiveness;

- given the nonetheless more or less important gaps in competitiveness which are likely to exist in the group, mechanisms such as the intra-German *Finanzausgleich* between richer and poorer parts of the country in order to compensate them appear to be politically and even economically necessary, especially if a common currency is to be established; even in such a small entity as in the OECS the risks of a monetary union could outweigh its benefits;

- if creating a common market remains the main objective of integration, there should be always some serious considerations about the necessity of (re)introducing *certain state guidance* somehow recalling the original *Andean Pact's* ideas of a) joint industrial planning, b) measures to shield the weaker member states from immediate full-blown competition of the stronger ones, and c) common policies towards foreign capital and multinational companies;

- finally, *in the Caribbean, numerous special elements* must be taken additionally into account and even receive priority, among which the most crucial ones seem to be a) common public goods like higher education and joint diplomacy; b) promotion of renewable energies and energy efficiency; c) cooperation in disaster prevention and environmental policies; d) agricultural production and food security; e) closer links between agriculture, fisheries etc. and the vital tourism industry; f) joint tourism projects with more sustainable basis than it has often been the case; g) improvement of the benefits of intra- and extra regional migrations for the countries' economies; h) closer, new and multiple links with Cuba; i) given the region's dimensions, foreign relations, maybe especially with Asia and continental Latin America in view of the often disappointing past experiences with preferential arrangements, CBI etc., and with IMF-imposed “adjustment programs”, are here of paramount importance...

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## **Caribbean Community (CARICOM) Secretariat**

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*2 March 2015)*

### ***Communiqué Issued Following The Conclusion Of The Twenty-sixth Inter-sessional Meeting Of The Conference Of Heads Of Government Of The Caribbean Community***

***(CARICOM Secretariat, Turkeyen, Greater Georgetown, Guyana)*** *The Twenty-Sixth Inter-Sessional Meeting of the Conference of Heads of Government of the Caribbean Community (CARICOM) was held in Nassau, The Bahamas, On 26-27 February 2015. The Prime Minister of The Bahamas, the Right Honourable Perry Christie, chaired the proceedings.*

*Other members of the Conference in attendance were: the Prime Minister of Antigua and Barbuda, Honourable Gaston Browne; the Prime Minister of Barbados, Rt. Honourable Freundel Stuart; the Prime Minister of Belize, Honourable Dean Barrow; the Prime Minister of the Commonwealth of Dominica, Honourable Roosevelt Skerrit; the Prime Minister of Grenada, Dr. the Rt. Honourable Keith Mitchell; the Prime Minister of Jamaica, the Most Honourable Portia Simpson-Miller; the Prime Minister of Saint Lucia, Dr. the Honourable Kenny D. Anthony; the Prime Minister of St. Vincent and the Grenadines, Dr. the Honourable Ralph Gonsalves; and the Prime Minister of Trinidad and Tobago, Honourable Kamla Persad-Bissessar.*

*Suriname was represented by the Vice President, His Excellency Robert Ameerali. Guyana was represented by Honourable Carolyn Rodrigues-Birkett, Minister of Foreign Affairs; Haiti was represented by His Excellency Antonio Rodrigues, Ambassador to The Bahamas.*

*Associate Members in attendance were: the Honourable Dr. Rufus Ewing, Premier of Turks and Caicos Islands; and the Honourable Jerome Roberts, acting Chief Minister of Anguilla.*

### ***Opening Statements***

*The Chairman of Conference, Rt. Honourable Perry Christie, Prime Minister of The Bahamas, the immediate past chair, Honourable Gaston Browne, Prime Minister of Antigua and Barbuda, and Ambassador Irwin LaRocque, Secretary-General of the Caribbean Community, made statements at the opening.*

*The Chairman issued a stirring call on behalf of the Region's youth and asked his colleague Heads of Government to ensure that "tomorrow's leaders are academically, socially and mentally ready."*

*Prime Minister Christie indicated that he would urge the meeting to make a regional commitment to greater investment in and attention to Education, Culture and Sport. It was on his initiative that the principal topic of the meeting, "Leveraging CARICOM's Human, Cultural and Natural Resources for the Economic Development of the Community", was placed on the agenda.*

*The immediate past Chairman spoke on the theme of the challenges faced by small states due to*

*the actions of bigger nations. Prime Minister Browne alluded to the decision by the European Union in respect of beet sugar which would adversely affect Caribbean sugar producers. He also cited the financial services sector as another area of unjust action which threatened, in particular, the indigenous banks of the Region.*

*Secretary-General LaRocque posited that for the Region to emerge from the period of low growth required new critical thinking about integration. He stated that “the creativity for which we are renowned must now be allied to an entrepreneurial spirit, innovation and productivity.” That, he said, was “a sure way of achieving the competitiveness so necessary to fuel economic growth.”*

### **Signings**

*Dr. the Hon. Kenny D. Anthony, Prime Minister of Saint Lucia, signed the Agreement Establishing the Caribbean Accreditation Agency for Medicine and Health Professions (CAAM-HP). CAAM-HP is the body established in 2003 to determine and prescribe standards and to accredit education programmes of medical, dental, veterinary and other health professions on behalf of the contracting parties in CARICOM.*

### **Leveraging CARICOM’s Human, Cultural and Natural Assets for the Economic Development of the Community**

*Heads of Government, in seeking new development pathways in the pursuit of inclusive, equitable and sustainable growth, acknowledged the potential of the cultural and creative industries in contributing to the development of the Region. They reaffirmed the significance of the cultural and creative industries to CARICOM integration and the CSME, and as a driver of social development and cohesion, cultural identity and diversity, and youth engagement.*

*The presentation highlighted the fact, that according to the CARICOM Commission on Youth Development (the CCYD), youth are the backbone of the creative industries in CARICOM, both as consumers and producers and that youth under 30 years constituted as much as sixty percent of the region’s population. A strategy that combined the cultural and sporting assets with the Region’s innovative youthful human resource and with new technologies, opened up opportunities for a new and sustainable development pathway that leverages the Community’s strengths.*

*Heads of Government accepted the need for further developing the enabling environment for the cultural and creative industries in the Region to grow. They also agreed on the critical importance of strengthening the regional capacity to implement the Regional Development Strategy for the Cultural Industries in CARICOM. In that regard, they endorsed the idea of the CARICOM Secretariat and Caribbean Export Development Agency (Caribbean Export) preparing a proposal for a Caribbean Creative Industries Management Unit. The Unit would be located in Caribbean Export in Barbados and would be self-sustaining and self-financing and report to the Regular Meeting of Heads of Government in July 2015.*

*Heads of Government directed the CARICOM Secretariat and the CARICOM Development Fund (CDF) to collaborate with CARIFORUM, Caribbean Export and the Caribbean Development Bank (CDB) to identify donor resources for the financing of the development of the cultural and creative industries. The CDF and the CDB were asked to collaborate, in consultation with the*

*CARICOM Secretariat, in the design of a mechanism for sustainable financing of these industries which would include private sector resources and partnerships.*

*Heads of Government also requested that Caribbean Export assemble a Working Group to develop a Plan of Action for the Caribbean to take maximum advantage of the 2016 Olympics in Brazil as a pilot for future similar international events and report to the Regular Meeting of Heads of Government in July 2015.*

*The Conference congratulated and thanked the Most Hon. P.J. Patterson, OCC for his lead presentation on “Leveraging CARICOM’s Human, Cultural and Natural Assets for the Economic Development of the Community.” Appreciation was also extended to the expert team from the CDB, Caribbean Export, the University of the West Indies (UWI) and the CARICOM Secretariat that supported Mr. Patterson.*

### ***Committee of Ambassadors***

*Heads of Government agreed to establish the CARICOM Committee of Ambassadors as a Body of the Community. In so doing they urged the Member States which had not yet appointed Ambassadors to CARICOM to do so.*

*They also agreed to the participation of the Associate Members in the work of the Committee.*

*Heads of Government approved the Functions of the Committee, which will operate as a support body to the Community Council of Ministers. The functions require members to serve as the nexus between the national needs of Member States and the regional agenda. The Committee will work closely with the Organs and Bodies of the Community, the CARICOM Secretariat and the Community Institutions and Associate Institutions to establish and maintain an efficient system of consultations at the national and regional levels. It will also advance implementation, at the national level.*

### ***Marijuana Commission***

*Heads of Government agreed on the composition of the Marijuana Commission which is expected begin its work soon to look into the social, economic, health and legal issues surrounding the use of marijuana and to consult with stakeholders to get views on the issue. The Commission has been established to determine whether there should be a change in the current drug classification of marijuana thereby making the drug more accessible for all types of usage including religious, recreational, medical and research.*

### ***Reparations***

*Heads of Government agreed to pursue the cause of reparatory justice through a process of engagement with the relevant European countries. They acknowledged the activities that have taken place over the past six (6) months towards building momentum and awareness of the call for Reparations in the Region and internationally, especially those inspired by the Community’s initiative on Reparations.*

*Heads of Government agreed to initiate national programmes to promote and highlight the International Decade of People of African Descent with the pursuit of Reparations for Slavery and Native Genocide as a desired outcome of that observance.*

**Security** Heads of Government had extensive discussions on Regional Security and agreed on a number of mechanisms for enhancing co-operation.

### **Correspondent Banking**

Heads of Government expressed grave concern at the Region being labelled as a high-risk area for financial services resulting in correspondent banks in the United States and major banking centres in Europe evaluating risks versus rewards in doing business with our indigenous banks, and banks in our offshore sector.

Heads of Government noted that in many cases the small indigenous banks were unable to provide a high level of reward causing correspondent banks to cease their relationships with them which could have the result of forcing those banks to close their doors.

Heads of Government therefore established a Committee of Finance Ministers to work with the Caribbean Association of Banks to develop a plan to deal with this matter, including by making strong representations at the World Bank, the IMF, within the Commonwealth and La Francophonie and, if necessary, at the United Nations.

## **BORDER ISSUES**

### **Guyana-Venezuela**

Heads of Government received an overview of the relations between Guyana and Venezuela with regard to the existing controversy which arose as a result of Venezuela's contention that the arbitral award of 1899, which definitely settled the boundary between the two countries, is null and void. They noted that Guyana had commenced a review of the options available under Article 33 of the United Nations Charter, as provided by the 1966 Geneva Agreement, that could serve to bring an end to the controversy.

Heads of Government expressed their continued support for the maintenance of the sovereignty and territorial integrity of Guyana.

### **Update on Belize-Guatemala Relations**

With regard to relations between Belize and Guatemala, the Road Map signed on 24 January 2014 by both countries with the Secretary-General of the Organization of American States (OAS), as witness, aims at strengthening bilateral relations conducive to setting a new date to hold successful referenda in both countries in accordance with the Special Agreement between them to Submit Guatemala's Territorial, Insular and Maritime Claim to the International Court of Justice of 2008.

The signature of thirteen bilateral agreements between Belize and Guatemala in December of 2014 will strengthen their bilateral relationship and build greater confidence between the two countries.

The support of the international community for the efforts of both countries and of the OAS in their endeavours will strengthen the abiding commitment of both countries to the Special Agreement.

The territorial integrity and sovereignty of Belize remains of paramount importance for the



Caribbean Community.

## **FAO**

*The Conference welcomed Dr. Jose Graziano da Silva, Director-General of the Food and Agriculture Organisation (FAO), for an exchange of views with Heads of Government. They expressed appreciation for the work being done in the Region, particularly with respect to the Black Sigatoga disease and the increase in programme budget and capacity-building in the Caribbean. Heads acknowledged the support expressed by their Ministers of Agriculture for the Director General's expected second term of office and looked forward to FAO's continuing support to the Region*

### **Relations with the Dominican Republic**

*Heads of Government reviewed the relations of the Community with the Dominican Republic and issued a statement in this regard which is attached to the communique.*

### **Next Meeting**

*Heads of Government accepted the invitation of Barbados to participate in the Thirty-Sixth Regular Meeting of the Conference which would be held in July 2015.*

### **Appreciation**

*Heads of Government expressed their appreciation for the gracious hospitality and excellent arrangements provided by the Government and People of The Bahamas at this meeting.*

## **STATEMENT ON THE SITUATION OF DOMINICANS OF HAITIAN DESCENT AND HAITIAN MIGRANTS IN THE DOMINICAN REPUBLIC**

*The Caribbean Community has noted with grave concern a number of recent developments affecting grievously Dominicans of Haitian descent and Haitian migrants in the Dominican Republic. The process of regularisation of Dominicans of Haitian descent arbitrarily deprived of their nationality by the Dominican Republic Constitutional Court ruling on nationality of September 2013 expired on 1 February 2015. Government officials indicated that it would not be extended despite the fact that only a very small number (6937) of the persons affected were able to apply in time, leaving a large number estimated to be over 100,000 vulnerable to expulsion.*

*This distressing development needs to be placed in the context of the judgement of 22 October 2014 of the Inter-American Court of Human Rights which called for the nullifying of all the dispositions resulting from the ruling on nationality and for the reversal of the ruling itself. The Community reiterates its condemnation of the Dominican Republic Government's repudiation of international law.*

*The Caribbean Community also condemns the resurgence of anti-Haitian sentiment in the Dominican Republic. This has led to the unnatural death of a Haitian migrant on 11 February 2015, the desecration of the Haitian flag and the expulsion of an increasing number of Haitians without verification of their immigration status. In view of these troubling developments, the Caribbean Community maintains its posture of "no business as usual" with the Dom. Republic.*

