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The Commonwealth Caribbean and the new colonialism: risks and resistance in an age of globalization

By

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We are in the year that marks the 200th anniversary of the abolition of the slave trade.

I need not dwell here on the iniquity of that business; on the dehumanising of its victims; on the wealth that it brought to its perpetrators and the countries that encouraged it.

That history is well known, particularly here in Bristol whose fortune was made in the slave and sugar trades in the Eighteen Century, and about which it was said in 1833: "Without the West Indian trade, Bristol would be a fishing port".[1]

The focus of my attention is the risk of a new colonialism for the group of countries known as the Commonwealth Caribbean which were the colonial possessions of European powers and which, through slavery, and the production of sugar, contributed enormously to the wealth of those European powers.

By the "Commonwealth Caribbean", I mean the twelve now independent, former colonies of Britain in the Caribbean region. They are: the islands of Antigua and Barbuda, the Bahamas, Barbados, Dominica, Grenada, Jamaica, St Kitts-Nevis, St Lucia, St Vincent and the Grenadines, and Trinidad and Tobago together with the two mainland countries, Guyana in South America and Belize in Central America.

Together, they have a population of just over 5 million people and their participation in world trade is less than 1 per cent. They, therefore, pose no threat whatsoever to the markets of the world, or indeed to suppliers.

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[1] Cited in: Williams, Eric, Capitalism and Slavery; Andre Deutsch, London, 1975 edition, p. 61

These twelve countries along with the British colony of Montserrat, the former Dutch colony of Suriname in South America, and Haiti form CARICOM – the Caribbean Community and Common Market.

In the course of contributing to the wealth of some European nations over centuries, the Commonwealth Caribbean countries became virtual plantations; their primary reason for existence being the production of sugar on the backs of slave labour and indentured servitude.

When independence finally came to them after hundreds of years of colonialism, they were left stranded with single crop economies for the most part and very little chance of escaping dependence on help from the outside world.

Since the process of formal independence began in 1962, accelerating in the late 1970's and early 1980's, all of these countries have depended upon official development assistance and trade preferences to survive.

In recent times, they have lost the preferential access which they enjoyed in the European Union (EU) market for two very important exports, bananas and sugar. This has had deleterious effects on their economies and has increased unemployment.

They also rank among the 30 most indebted nations in the world, largely because of the high cost of infrastructural development; rebuilding costs after repeated hurricanes; and little or no access to borrowing concessionary funds because many of them are classified by the IMF and World Bank as middle-income countries.

On top of all this, over the last two decades, they have become transit routes for illicit drugs from countries in South America destined for North America and Europe. The traffic in drugs has spawned drug lords, drug gangs, a spread of small arms, increased crime, and violence. The majority of inmates in overcrowded prisons in the region are there for drug-related crimes.

According to the Inter-American Development Bank, “since 1999, many of these countries have experienced slow growth, weak export performance, growing fiscal constraints, high unemployment and rising crime levels, along with eroding trade preferences and even harsher competition in world markets”.[2]

Not even the capacity of some of their people – the descendants of African slaves and of indentured East Indian labourers – to achieve high standards of learning has helped them to overcome the legacy of colonialism.

Indeed, a very high number of their tertiary educated population have emigrated to the rich countries of the world. Caribbean countries are among the top 20 nations in the world with the highest tertiary-education migration rates.

In the cases of Jamaica and Guyana, over 80% of their tertiary educated people now work in the US, the UK and Canada.

This is a truly troubling situation for the Caribbean. For not only does it mean that the region is losing a very large number of its most educated people, it also shows that the richest nations are the beneficiaries of the scarce financial resources that Caribbean countries spend on education.

[2] IDB Regional Strategy for Support to the Caribbean Community 2007-2010; pp 3-4.

And while the contribution to their economies of remittances from their overseas communities is significant, the loss of such a high level of skilled persons contributes to the continued under development of these countries.

Risks of a new kind of colonialism now threaten the formal status of these small countries as independent states, and today they stand at a decisive crossroads in their history.

They will either succumb to new economic and political pressures and exist on the margins of international society becoming client states of a few larger nations upon whom they become economically reliant, or they will band together to try to salvage the basic elements of independence by pooling their individual sovereignty for their collective good.

Even by choosing the latter course, their small size and lack of strategic importance will still restrict their capacity to resist the demands of nations larger and more powerful than they.

But, at least, they will have a better chance of stemming the tide of a new colonialism that is rushing to their shores in the form of what is called globalisation - a system of unfettered trade liberalisation in goods and services emphasising cross-border access to markets by transnational corporations located mainly in the world's industrialised nations.

That system is strengthened by the power and influence of the IMF, the World Bank and the World Trade Organisation (WTO) as a triad of instruments controlled by the richest countries of the world.

In 1973, Commonwealth Caribbean countries established CARICOM as an integration institution. One of its primary purposes was to strengthen this group of small countries in their external relations, particularly in their bargaining with larger and more powerful countries and regions. Suriname and Haiti joined later.

While, for the most part, member states of CARICOM have bargained together with other nations and regions, from time to time individual countries have pursued their own paths – as, for example, over links with China and Taiwan and the recent Petro Caribe Agreement with Venezuela.

Even so, CARICOM, last year, except for the Bahamas and Haiti, established a Single Market, at least in form, and articulated the vision of a single economy.

It is an imperfect single market and much remains to be done to give it real substance including the capitalisation of a Regional Development Fund to help disadvantaged countries, regions and sectors cope with dislocation as a result of competition, and unemployment arising from businesses that might collapse or relocate elsewhere in the single market.

The seven smallest member-states of CARICOM, who form a sub-group called the Organisation of Eastern Caribbean States (the OECS), have demanded, as a precondition of their signing up to the single market, not only the establishment of the Fund but also the understanding that its resources would be tilted in their favour.

While oil and gas producing Trinidad and Tobago, the richest of the CARICOM countries, has contributed to the capitalisation of the Fund, it is still heavily under-capitalised and is not operational.

Capitalisation of the Fund depends largely upon contributions from sources outside the region. And, the longer it takes for the Fund to become operational, the more fragile will be the commitment of the smaller CARICOM countries to the single market.

It is important to appreciate that much of the movement by governments toward Caribbean integration, including the establishment of joint machinery, has been the result of external factors rather than an overwhelming desire for unity – still less for union.

Thus, in 1997, as the Lome IV Convention between the EU and African, Caribbean and Pacific states (the ACP group) was coming to an end, Commonwealth Caribbean governments feared for the future of the preferential market that they then enjoyed in the EU for sugar, rum and bananas – all of which employed a significant number of their labour force.

They wanted any new treaty with the EU to safeguard their preferential markets.

They faced the further problem that, at the same time, as a new agreement had to be negotiated with the EU, the United States proposed the creation of a Free Trade Area of the Americas (FTAA).

The FTAA posed serious challenges to them.

For while, they enjoyed preferential access to the EU market for bananas and sugar, the US is the single most important market for most member states of CARICOM accounting for more than half their exports (approximately 56.4% in 2004) and one third of their imports (35.4% in 2004) of goods, with significantly larger numbers for services of many of its members, especially the smaller members.

The CARICOM leaders saw an FTAA that gave equal treatment to the exports of Central American, Latin American and other Caribbean countries, as a serious danger to Commonwealth Caribbean products in the US market which would face competition they could not match.

Additionally, new trade rules were being developed in the World Trade Organisation (WTO). They were rules underpinned by the ideology of globalisation in particular free trade and open economies – on a basis of reciprocity.

Against, this background of grave challenges to the preferences in trade that they enjoyed for key commodities, the CARICOM countries decided to establish the Caribbean Regional Negotiating Machinery (CRNM) – a single unit to negotiate on behalf of CARICOM as whole with the EU, within the WTO and with other countries in the FTAA.[3]

Since its creation in 1997, the CRNM has contributed to the strengthening of the joint negotiating capacity of CARICOM countries in the theatres to which they have been assigned – the EU, the WTO and the now stalled FTAA.

But, it is constrained by insufficient funds and technical resources and, as I have observed elsewhere, it is undermined by the petty

[3] See Communique of the February 1997 Inter-sessional meeting of CARICOM Heads of Government in Antigua and Barbuda

jealousies of national trade ministers and their officials who resent the role of an inter-positioning authority.[4]

If a picture is emerging here of a fragmented CARICOM area despite their formal efforts at integration, that is indeed what CARICOM is.

It is a paradox.

While measures to integrate for their common good have been taken since 1968 largely as a result of external factors – and many of those factors relate to Europe – there has also been a strong desire, and actions, by governments to preserve national sovereignty – especially against each other.

This has hobbled the process of integration, weakened Commonwealth Caribbean countries as a whole, and made them less capable of resisting the risks of a new colonialism that is creeping in to their relations with larger countries and international agencies.

Of course elements of colonialism have existed in the relations between CARICOM countries and the IMF and World Bank for some time.

Nobel Prize winner for Economics, Joseph Stiglitz, has pointed out that "the IMF and other international economic institutions... are dominated not just by the wealthiest industrial countries but by commercial and financial interests in those countries, and the policies of the institutions naturally reflect this".[5]

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[4] Sanders, Ronald: Crumbled Small: The Commonwealth Caribbean in World Politics; Hansib, London 2005
[5] Stiglitz, Joseph; Globalisation and Its Discontents; Allen Lane, London, 2002; pp 18-19

Even more tellingly, Stiglitz who served as Chief Economist at the World Bank, observes that: “Countries are effectively told that if they don’t follow certain conditions, the capital markets or the IMF will refuse to lend them money. They are basically forced to give up part of their sovereignty”.[6] And not only by the Bank and Fund.

Undoubtedly it was the certain belief by powerful countries that they run the world according to their own rules that emboldened them, through the Organisation for Economic Cooperation and Development (OECD), to launch the so-called “Harmful Tax Competition Initiative” in 1998.

The OECD identified 35 jurisdictions – mostly small states and many in the Caribbean – that they described as “tax havens” and accused of eroding the tax bases of OECD countries.

Competition from small countries in attracting savings and investment was an element of globalisation and integration of capital markets for which the financial centres in Europe and North America had not bargained. The offshore banking sector, which many small countries had developed as a means of diversifying their economies, was the particular target of the OECD.

The OECD, therefore, created rules to govern taxation and tax reporting and demanded letters of commitment from no less than the heads of government of these jurisdictions in which they had to agree to comply with the OECD rules or sanctions would be applied against their small and powerless states.

During the process of negotiation between the OECD and the targeted jurisdictions that lasted over three years, the offshore

[6] Ibid, p 247

financial services sectors of many Commonwealth Caribbean countries were greatly diminished if not destroyed. Certainly the sovereign right of these countries to determine their own tax regimes was greatly impaired.

The raw colonialism of the last four centuries has been adapted into a form of neo-colonialism.[7]

To the extent that imperialism mirrors colonialism in that both display characteristics of a stronger power exercising forced control over weaker territories, Commonwealth Caribbean countries experienced aspects of colonialism in their relations with the United States after receiving their formal independent status from Britain.

Over time, and particularly since the independence of the former British colonies in the Caribbean, successive US governments have come to regard the Caribbean as their backyard, and they have assumed a right to intervene in the affairs of Caribbean countries whenever they disapprove of the policies or actions of Caribbean governments.

There are numerous examples of US political and economic intervention in Commonwealth Caribbean countries overtly and covertly. Guyana and Jamaica's attempts in the 1970's to pursue socialist policies including nationalisation of foreign owned companies earned them a spirited backlash from the US, and, of course, in 1983, the US famously 'intervened' militarily in Grenada because of a perceived Cuban threat to the lives of US students at

[7] For fuller discussion of this subject, see: International Tax Competition: Globalisation and Fiscal Sovereignty; Biswas, Rajiv (Ed); Commonwealth Secretariat, London 2002; and Tax Competition: An Opportunity for Iceland; Gissurarson, Hannes and Herbertsson, Tryggvi (Eds), University of Iceland Press, 2001

an offshore medical school and to ‘restore democracy’ after a military coup.

In the result, governments of Commonwealth Caribbean countries constantly look over their shoulders to gauge American reaction before taking actions. And, they have developed a strategy of adopting policies collectively if they believe that such policies would cause offence to the US.

During the cold war, the Caribbean held some strategic importance to the US which did not want the expansion of Soviet Union influence in the area beyond Cuba where it already had a foothold.

Among the tools the US used to exercise influence, was economic, political and military intervention. But, it also used other means, more acceptable to the region. These included official development assistance and favourable terms of trade for some Caribbean exports.

But with the end of the cold war, the Caribbean’s strategic importance to the US declined.

Consequently, US official development assistance to CARICOM countries has dwindled; and where it has continued at any appreciable level, it has focused mainly on issues of concern to the US; issues such as the interdiction of drug traffickers; port and airport security as part of the US war on terror; and illegal migration.

And while the US has been neglectful of the Caribbean’s needs for assistance, it has been proactive on issues of trade in goods and services at the World Trade Organisation in ways that have hurt the region.

These include joining as a complainant with Latin American countries at the WTO to protest preferential access to the EU market for bananas from CARICOM countries; US antagonism to the offshore banking industry in the region; and the unprecedented action of withdrawing a commitment under the General Agreement on Trade in Services to avoid compliance with a WTO ruling in favour of Antigua and Barbuda that the US should bring its domestic laws into conformity with its international obligations and allow the delivery into the US of internet gaming and betting services from Antigua.

In any event, the relationship between CARICOM countries and the United States remains closely intertwined at several levels.

The US is home to the largest number of CARICOM migrants; it has become the country of choice for tertiary education outside the Caribbean itself.

Further, between 1997 and 2004 CARICOM countries received billions of dollars in remittances from its Diaspora in the US.

For example in 2005, Jamaica received $1.65 billion; Guyana, $279 million; Trinidad and Tobago $97 million; Belize, $81 million. The figure for Jamaica represented an astounding 19% of its Gross Domestic product.[8]

[8] Caribbean Trade and Investment Report 2005: Corporate Integration & Cross-Border Development, CARICOM Secretariat, Guyana, p. 71

Between 1997 and 2004, the United States was "the most prominent source of (foreign direct investment) inflows to almost all CARICOM States,[9] Americans continues to represent the single largest number of tourists to CARICOM, and, in 2004, CARICOM States as a whole enjoyed a balance of trade surplus with the United States which continued to be its largest trading partner in goods and services – outdoing the European Union.[10]

It is important to recall that Commonwealth Caribbean countries enjoy duty-free access to the US market for a number of their products under two agreements the Caribbean Basin Economic Recovery Act (CBERA) and the Caribbean Basin Trade Promotion Act (CBTPA). What is more, these are non-reciprocal arrangements at the moment.

WTO rules require the US to seek a waiver to allow these preferential trade agreements to continue, but US efforts to secure a waiver have been unsuccessful because of objections raised by a few countries notably Paraguay.

Little wonder that last week in Washington when CARICOM leaders met President George W Bush they were keen to have included in a joint communiqué that they "are determined to strengthen our existing trade arrangements" and a further statement that they "acknowledge President Bush's announcement to work with Congress to extend and update the Caribbean Basin Trade Promotion Act and the 1991 Trade and Investment Framework Agreement".

[9] Ibid, p.138
[10] Ibid

Of course, the reality is that at this stage of his tenure in office, President Bush is unlikely to take any meaningful action on expanding trade arrangements with the Caribbean, particularly as he faces a Democratic Party majority in Congress who are hostile to free trade agreements.

In any event, all the signs are that whether CARICOM countries enter new trade arrangements with the US through a bilateral Free Trade Agreement or in an overall Free Trade Area of the Americas, they will have to face the insistence on terms no less favourable than those they settle with the European Union – and the EU bolstered by WTO ideology demands reciprocity.

And this point underscores the major risk that CARICOM countries now face of a new colonialism. It arises from the negotiations that are now in progress between the EU and the ACP countries.

Let it be said first of all that the ACP countries were foolish to allow the European Commission to force them into separate regional negotiations on Economic Partnership Agreements to succeed the Lome and Cotonou agreements.

The strength of the ACP in successfully negotiating the Lome and Cotonou agreements rested firmly on the foundation of their unity; once that unity was untied, the door was open for intrigue, for manipulation and, ultimately, for coercion. The Caribbean tried hard to preserve that unity; it was Franco-phone Africa that led the way to fragmentation.

But, the European Commission was morally wrong for insisting upon separate regional negotiations. The advantage that the European Union gains now in trying to force agreements that are unhappily negotiated may come back to haunt it eventually. For, if the terms of the agreement are unfair, they will not long endure.

Indeed, they may promote resistance in other vital areas of international life.

The EU has been pushing ACP countries to conclude Economic Partnership Agreements (EPAs) by the end of the year, claiming that preferences which they now enjoy will not be approved by the WTO come the beginning of next year.

This abdication of preferences for ACP countries would be a contravention of the EU's obligation under the existing Cotonou agreement which requires the EU to provide at least equivalent market access on January 1st 2008.[11]

But, it has become obvious that two key elements that were envisaged when the EPAs were proposed are being abandoned by the EU.

These are a strong development component and a genuine partnership.

The European Commission negotiators have dismissed pro-development proposals from the ACP group, and have sought to impose upon the negotiations, terms which were rejected by developing countries in the wider trade negotiations in the WTO.

In a publication, entitled "Global Europe: Competing in the World", the European Commission states that 'Free Trade Agreements if

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[11] Partnership under pressure: An assessment of the European Union's conduct in the EPA negotiations; May 2007

approached with care, can build on WTO and other international rules by going further and faster in promoting openness and integration, by tackling issues which are not ready for multilateral discussion and by preparing the ground for the next level of multilateral liberalisation".

The publication states specifically: "Many key issues, including investment, public procurement, competition which remain outside the WTO at this time can be addressed through FTAs."

It is clear, therefore, that what the EU could not achieve in the failed WTO negotiations, they are ready to impose on ACP States through bilateral bullying.

These issues of public procurement, investment competition are called "the Singapore issues" because they first came up at a meeting in Singapore. And, what the European Commission is demanding is the right, without restriction, for European companies to compete in ACP countries on an equal basis with much smaller and less well resourced local companies for public and private sector projects; and the right to invest in any sector of the economies of ACP countries including the provision of services.

If the EU is successful in these demands, local companies in ACP countries could be faced with competition before they are ready to cope with it and, as a consequence, find themselves squeezed out of their own domestic markets. Local ownership would be minimised, and local populations could be relegated, over time, to the role of workers only.

The EU also wants trade in goods and services opened up on a reciprocal basis. This means that the small ACP countries would be treated as if they were the equals of Europe in trade and investment terms despite the huge differences in the level of their development and their financial capacity.

In short, the ACP countries could be swamped by Europe for despite the talk about "reciprocity", it simply is not possible for ACP companies to compete within their own countries (let alone in Europe) with much larger and well resourced European companies.

It would be a case of giants and dwarves or sharks and sardines.

Indeed, in as much as the European Commissioners may not want to hear it, and they would strenuously deny it, the risk is that these EPAs could well be the start of a new era of colonialism in which the economies of ACP countries are held in thrall to European companies.

Of course, while the EU is banging down doors to Caribbean markets, it has slamming shut its own doors to immigration from outside its own area.

So, effectively, European capital and services would move into Caribbean countries to derive profits for repatriation, but Caribbean labour would be trapped in the confines of economies increasingly controlled by expatriate owners.

Are there not echoes here of a bygone age, and of another kind of confinement? Another kind of bondage?

The Trade Minister of Barbados, Dame Billie Miller, who is a seasoned campaigner in all of the trade negotiations in which the Caribbean has been involved, particularly with the EU and the WTO made a telling observation recently. She declared that regional negotiators remained firmly convinced that preferential treatment must be given to small vulnerable economies and developing countries, as there is a need to protect sensitive sectors and industries from rapid liberalisation.

She went on to say: “"Europe and the other OECD countries gave themselves since the Second World War - virtually the better part of 60 years - to arrive at where they would like us (the Caribbean) to be. And they expect us to do this in 10 to 15 years. It is just a human and physical impossibility”.[12]

And what was being said in the Caribbean had resonances in Africa. A Namibian trade analyst, Wallie Roux, lost his job because he suggested that the EU was trying to browbeat southern African governments into signing an EPA before they had a chance to analyse its consequences.

Roux had urged the SADC governments not to capitulate to demands that they sign an EPA swiftly. He wrote: "If you are unwise enough to rush for a deadline without looking at the content of the agreement, then you are signing away your life".

I use Dame Billie’s remarks and Mr Roux’s observations to point to the growing unease of ACP countries with the hurried pace at which the EU wants to complete the EPA’s.

Their’s are not the only expressions of discontent; they are many others – some cast in language more virulent and more vexed, and others couched in the language of scholarship and research but no

[12] Opening statement at a Trade Policy seminar, University of the West Indies, Cave Hill Campus, Barbados, reported in The Nation, Barbados

less indignant. Among them are NGO's such as Christian Aid, Action Aid, Traidcraft and Tearfund. Collectively, in a well researched document, they have concluded that:

"There is overwhelming evidence to show that the European Commission , mandated by EU member states to negotiate on their behalf, is failing to conduct negotiations in a way that will promote development and is abusing the principle of partnership… the EC has consistently broken the spirit and the letter of the Cotonou Agreement".[13]

If Commonwealth Caribbean countries acquiesce to EU demands for full reciprocity in trade and for the opening of their markets to European companies for unrestricted competition in the provision of services and for the right to procurement for contracts in the public and private sectors, they will face double jeopardy.

For, in any free trade agreement that the United States might enter with CARICOM countries, US negotiators will demand no less favourable treatment than is accorded to the European Union, and CARICOM countries will have no choice but to give it.

In such circumstances, CARICOM will lose what little control they still have of their economies and they will also lose any semblance of autonomy in their decision making.

A new kind of colonialism will be real.

And, if this new kind of colonialism does materialise, CARICOM governments will have contributed to it by their own failure to band together to resist it.

[13] Op cit, Note 9, p.5

No one CARICOM government, no one CARICOM country can alone navigate the turbulent sea of today's international economy. Nation-states much larger than the tiny states of the Commonwealth Caribbean have sought economic salvation in larger groupings.

The EU might have been formed to stop the scourge on internecine warfare in Europe, but it evolved to counter the economic dominance of the United States and to secure for its member states a stake in the global economy.

Had they not pooled vital aspects of their sovereignty into the European Union, no one European nation would have matched the power of the United States, coped with the growth of China or rivalled it in the global market place.

If this observation is valid for the large states of Europe, how much more valid it is for the tiny countries of the Caribbean.

The delay by CARICOM of 17 years in implementing a single market to which they committed themselves in 1986 has set back the region enormously.

Had they acted sooner, Caribbean economies would by now have completed the process of adjustment that is still necessary today; Caribbean borders would have been eliminated for Caribbean people; laws harmonised and capital markets created; businesses would have merged and become more competitive.

CARICOM governments are still to act on a recommendation made in 1992 to establish a CARICOM Commission to oversee a single market, CARICOM's functional cooperation programmes and

CARICOM's external relations. The recommendation was made by the West Indian Commission which they charged with charting the road map for CARICOM's future.[14]

Had action been taken on this, CARICOM countries would by now have had a single, effective and well-supported negotiating machinery in the World Trade Organisation and in negotiations with the EU, with the US and others.

CARICOM countries could have fielded one team speaking for all – just as the European Commissioners speak with one voice the joint position of their numerous states.

Instead, the negotiations with the EU and in the WTO have had to cater for factional differences and have lacked coherence.

The urge to hold on to as much power as possible has been too strong for national governments to relinquish; such sovereignty as they have ceded to a common pool has been extracted only by their incapacity to cope with the demands of the international environment, and even then only when the demands have reached a crisis.

In conclusion, the risks of a new colonialism for Commonwealth Caribbean countries are here and now.

The present international economic environment in which there is a scramble for control of resources and for advantage in world markets would have brought these risks in any event.

[14] See, Time for Action: report of the West Indian Commission; University of the West Indies Press, Jamaica, 1993

The sadness for CARICOM countries is that by failing to put in place the much needed structures of unity, they have weakened their own chances of resisting these risks, and made themselves more vulnerable to a new colonialism.