

Ordering Development: Jamaica, CARICOM and Cotonou:

A Systems Approach to Regional Integration for Development

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Abstract

Ordering Development: Jamaica, CARICOM and Cotonou

A Systems Approach to Regional Integration for Development

J. Diane Cousineau
Concordia University 2004

This dissertation discusses the role regional cooperation may play in informing and defining national development planning. It takes a multidisciplinary approach to analyzing the various factors that contribute to countries' interest in regional agreements, stressing the reflexive interactions of local and global/ national and regional/ public and private partnerships for development. In positing its main thesis, that regional associations may act as "mediating institutions" for change in the world order, it emphasizes a holistic approach that seeks to explore and explain relationships between states and societies in an age of increasing globalisation. Part One includes chapters on regional integration/new regionalism theory, trade and economic development and links these to international relations theory, focusing mainly on complex interdependence-international society approaches, which combine elements of both realist and idealist explanations.

The case study in Part Two concerns Jamaica's participation in the Caribbean Community and Common Market (CARICOM)¹ as well as the European Union (EU)- Africa/Caribbean/Pacific (ACP) Partnership Agreement, which is based on pillars of regional cooperation and capacity-building to facilitate integration of developing countries into the world economy. It concentrates on the potential such negotiations between states and regional entities may offer for identifying and implementing a reformed world order that is more conducive to equitable human development.

The combination of the theory of Part One and the partnership trade-development model in Part Two supports the main argument for viewing regionalism in the South as having transitional and transformational goals at both the local and international level. The final chapter then promotes a prescription for "strategic regionalism", which stresses pro-active and dynamic approaches to national planning for small open economies, as the most promising path towards improved outcomes for development through international cooperation.

¹ See Annex 2b

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“Order and disorder, the one and the multiple, systems and distributions, island and sea, noises and harmony, are subjective as well as objective...what fluctuates are the order and disorder themselves...their relationship to and penetration of one another.”

Serres (1995)¹

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¹ Quoted in Daniels & Lever: 1996.

List of Abbreviations:

- ACP: African Caribbean and Pacific Countries**
CAP: Common Agricultural Policy
CARICOM: Caribbean Community and Common Market
CARIFTA: Caribbean Free Trade Association
CCJ: Caribbean Court of Justice
CPA: Cotonou Partnership Agreement
CSME: Caribbean Single Market and Economy
DC: Developing Country
DOM: Departement Outre-Mers (France)
ECJ: European Court of Justice
EDF: European Development Fund
EPA: Economic Partnership Agreement
EU: European Union
FDI: Foreign Direct Investment
FINSAC: Financial Sector Adjustment Company
FTAA: Free Trade Area of the Americas
GATT: General Agreement on Tariffs and Trade
GDP: Gross Domestic Product
GNP: Gross National Product
GSP: General System of Preferences
G21: Group of 21
HDI: Human Development Index
IPE: International Political Economy
IR: International Relations
IMF: International Monetary Fund
LDC: Less-Developed Country
LLDC: Least-Developed Country
ODA: Official Development Assistance
OECD: Organization for Economic Cooperation and Development

OECS: Organisation of Eastern Caribbean States
MDC: Middle Developing Country
MFA: Multi-Fibre Agreement
MFN: Most-Favoured Nation
MNC: Multinational Corporation
NAFTA: North American Free Trade Agreement
NGO: Non-Governmental Organization
NIEO: New International Economic Order
REPA: Regional Economic Partnership Agreement
RTA: Regional Trade Agreement
STABEX: Stabilization of Export Earnings Scheme
SYSMIN: Stabilization Scheme for Mineral Products
UN: United Nations
UNDP: United Nations Development Programme
WTO: World Trade Organization

A Note on Terminology:

It is with regret, that in the interests of accessibility, this dissertation employs terms common to decades of development and international relations commentaries (such as “Third World”; “North-South”; “Developed-Developing” etc.) It is to be hoped that “mainstreaming” development issues will encourage the replacement of these dated terms with a more modern, inclusive vocabulary.

Introduction

The aim of my research has been to evaluate the role of regionalism in Jamaica's continuing quest for development in an era of increasing globalization and trade liberalization. The original plan was to focus on the influence of the European Union model for development through regional integration as expressed in the Lome/post-Lome trade agreements.¹ However, as research progressed, it became obvious that such a narrow focus would be inadequate to elucidate the Caribbean experience of both development and regional integration.

In early Regional Integration studies, the Caribbean's often tenuous but continuous commitment to regional cooperation has been presented as a mainly internal response to a hostile external environment. Therefore, in most pertinent literature, national development options have been treated as largely externally determined, with regionalism depicted as a defensive "second-best" alternative for small, open countries, which had little hope of holding their own against world power structures.

However, this field of research, which was originally based in area-studies informed by mainly structuralism/economic functionalism has now evolved to encompass a wider socio-political focus, which studies the role of interdependence and globalization. A changing understanding of the impetus to regional integration and a revived appreciation of its wider goals, particularly as part of an international model for development, has given rise to research on *new* or *open*

¹ Lome I-IV 1975-2000: agreements for trade and development cooperation between the European Community (later Union) and the African Caribbean and Pacific (ACP) Countries; see Annexes 1, 2 & 4

regionalism, as more than a defensive economic stance. Many authors now concentrate on the positive options these processes might offer for the exercise of “alternative” power and cooperative mechanisms, within the traditional “corridors of hegemony”: that is the international trade regimes. In this context, the new regionalism is seen as transitional and pro-active, as well as defensive – indeed, as a seminal force in a re-vitalized development *partnership*, which must be based in an international social contract for cooperation and diversity.

This approach has interesting implications for the study of regionalism, trade and development within the tradition of international relations/political economy theory. The main body of this dissertation will discuss the evidence that the popularity of regional integration schemes is a seminal development, which indicates the importance of community–building, - one that may be exploited to inform a “developmental” international order. Therefore, theory will be compared to practice in an examination of the negotiation and evolution of the EU “partnership model” based in regionalism. This initiative will consider the bargaining process that has been influenced by and continues to affect the wider process of North-North, North-South and South-South cooperation.

An important part of the study will focus on continuing trade negotiations, as well as precursor regimes and trade organizations as important forums for adjusting attitudes and practices, as well as opening up channels of communication for cooperation between states with competing interests. It will draw on research on institutions, mechanisms and instruments, planned or already in place, to assess

their role in facilitating the identification of common goals and values particularly as they pertain to equality as a “global public good”.

In keeping with this fresh take on regionalism and development, this project will consider Jamaican participation in CARICOM’s* regional initiatives as part of a cooperative strategy to improve national options, based on revamping trade organization. As such, the influence of both internal and external factors will be studied in the light of the reflexive action of social, economic and political policy. The evolution of Caribbean regionalism will also be evaluated as part of a wider process that seeks to drive forward international institutional reform through the complementary forces of civil society networks, public-private partnerships and formalized, state-centred alliances based in developmental trade agreements. In such a project, the emphasis is on the dynamic process and agency of international relations, and therefore the logic and vocabulary of change.

Methodology

Trade regimes form an integral part of international relations, and the rapid progress of trade liberalization, not just in goods, but also in services, has called into question many of our assumptions concerning political economy and organization. The very speed of globalization in general not only challenges our appreciation of seminal concepts such as “sovereignty”, “nation-state”, “civil society” and “governance”, but also opens to discussion even the most basic question of what constitutes “development” *per se*. The various chapters of this study will take regionalism and trade as the “jumping-off point” for a wide-ranging

* Caribbean Community and Common Market: see Annex 2B; p.190f for further details

discussion of various academic disciplines' concepts/assumptions and definitions. It will take a holistic "complex systems"² approach, which will consider the interaction of the various stakeholders, ideological models and institutions concerned in development processes. Research informed by such a complex framework allows for a consideration of the full spectrum of epistemologies and methodologies to evaluate and explain the many elements and interactions that shape and inform trade, development and integration processes.

This complex systems approach also acts as a synthesis between various schools of thought, encouraging an inclusive examination of differing theories as appropriate to the level of analysis, accepting that a logical explanation of one aspect of a relationship does not preclude the existence of an alternative evaluation. Such theoretical and methodological pluralism is particularly appropriate for studying regional projects, as it helps us deal in a productive manner with the diversity of policies and agencies producing order and disorder, as well as ordering change. It encourages too a focus on the importance of the adaptive and interactive strategies that emerge when multiple stakeholders interact with the regimes, institutions and ideologies of social and commercial intercourse.³

This dissertation is organized in to two main sections. The first will outline a *qualitative* examination of relevant theories and models for international relations, trade and development⁴, which will, in Part Two, inform a detailed look at the specifics of the EU-CARICOM case study, complemented by both qualitative and

² for example works by: P.A. Reynolds :1994; Tom Nierop: 1994; Robert Jervis: 1997

³ see R.Geyer: 2003. in reference to complexity and European Integration theory

⁴ based mainly on secondary source material

quantitative⁵ analyses. The whole will be based in a multi-level, multi-sectoral examination of regional integration and national development, both within and between developed and developing countries.

The Case Study:

Both primary and secondary resources were used in equal proportions to inform the analysis of the impetus to regional integration, both within the Caribbean and between the Caribbean and its Northern /European partners in trade. The history of the Caribbean region, from the West Indies Federation through to the re-vitalization of the Caribbean Community and Common Market (CARICOM) in the last decade, is well documented in academic literature and continues to be much discussed in local media. The region's trade and development relationship with the European Union, during the Lome-post-Lome period (1972-present), is equally well covered in both popular and academic discussions.

The following chapters then draw on both academic and non-academic sources to trace evolving theories and processes of regionalization. The case study, focusing as it does on two, linked processes [horizontal regional integration among developing countries at varying levels of development; and vertical integration/regionalization of a trade regime between North (developed)-South (developing) regions] allows us to evaluate the full spectrum of interactions that determine the success of national development projects, which are carried out largely under the auspices of donor programmes. Thus, the case study was pursued both to add to the theoretical framework that informs development practice, as well

⁵ based on both secondary and primary source material, including empirical data, case studies, media/institutional reports, and elite interviews

as to draw on largely non-mainstream theory to enrich our understanding of how developing nations may strengthen their appreciation of agency, process and structure to encourage “ascent” within the international system.⁶

To encourage attention to the “specificity” of national development planning, the study focuses on the details of Jamaica’s participation in the wider context of the Cotonou African, Caribbean and Pacific (ACP) –European Union (EU) Partnership Agreement,⁷ approaching the negotiations of this successor agreement as both **an expression of its historical *acquis***, as well assessing it as **an agent for change in the international trade system**.

From the first perspective, the introduction to the case study (Chapter 4) offers a literature survey of the history of the Lome association. It offers both a broad evaluation of the “partnership”/development successes and failures of the trade regime and discusses the role Jamaica played in shaping it, as well as providing an assessment of Lome’s influence on the evolution of CARICOM and Jamaica’s influence in that regional project.

To focus the information gleaned from secondary literature, the case study itself (Chapter 5) draws on primary sources, particularly in relation to the negotiation process leading to the Cotonou Partnership Agreement (CPA). These primary resources included:

- *documents/studies* emitted by the various states, associations and stakeholders (both public and private);
- *media analyses* (particularly of Jamaican newspapers); and

⁶ see D. Marshall: 1998a p3f

⁷ as a successor to the ACP-EU Lome Conventions

- *elite interviews* with national and regional participants in the process as well as less formal *discussions* organized by the author with other interested observers and stakeholders (including local entrepreneurs, academics and private citizens).

The candidates for *elite interviews* were selected on the basis of their direct involvement in and knowledge of the Cotonou negotiation process (and were therefore mainly members of the government/civil service or regional bureaucrats). Most were interviewed once or twice; availability and openness to critical comment limited the value of many of these candidates' observations. Most of these interviewees also made their views/comments more widely available to the public, through press releases, speeches and reports released in the latter part of the negotiations. Other *discussants* were chosen to represent a cross-section of stakeholders and, on the basis of anonymity, were less circumspect in voicing their opinions. Reports on civil society meetings also enriched the research base for evaluating public opinion and participation in the process.

Many of the interviews/discussions were conducted during my residence in Jamaica in the early part of the process (1994-1999), while I was enrolled at the Consortium Graduate School of Social Sciences, University of the West Indies (UWI) Mona Campus; during this time I also attended the 23rd Session of the ACP-EU Council of Ministers in Barbados, in May, 1998, as an academic observer with the CARICOM delegation. On returning to Canada, I continued analysis of the process, drawing heavily on media and internet resources. Development focused web-sites, such as www.euforic.org and ww.ecdpm.org and www.ids.org, as well

as institutional and media sites (such as those sponsored by the European Commission, the ACP/CARICOM secretariats and various member states, as well as national newspaper/agency newsletter archives) were particularly helpful. This research was complemented by several return visits to the island and UWI to consult with colleagues and local sources.

Theoretical Framework

The theoretical framework of this project is based on a wide cross-section of literature from the fields of International Relations, Political Science, Political Economy and Regional Integration. It combines insights from diverse authors and approaches⁸ to elucidate the process of development through regional integration, underpinning the whole with a “complex systems” approach that stresses the *interaction* of the many components – both physical and intellectual – of integration and development processes.

The aspect of regionalism/regional integration that links national development planning most closely to International Relations/Political Economy theory and practice is the community/society factor. This thesis argument is based on the proposition that development is only possible if a “society of states” mitigates the power-seeking anarchy of the international state system, to foster a trans/international sense of common goals, causes and connections. What is referred to in EU parlance as “l’*économie sociale de marche / die Sociale Marktwirtschaft*”⁹ - describes a developmental trade regime, which balances neo-

⁸ refer to Part One for further details

⁹ see http://europa.eu.int/comm/commissioners/lamy/speeches_articles/spla232_en.htm

liberal growth, commercial and economic programmes with social goals supported by partnership projects that focus on more equitably distributing the costs and benefits of integration in international markets. However, it is maintained here that this modern “development partnerships” model promoted by the European Union (as well as many other donor organizations including most United Nations programmes) will only effectively realize development goals if it is underpinned by a *systemic* commitment to social justice.

There are numerous ways to define and/or describe the concept of development, and therefore a *developmental* world order may entail a variety of measures, according to the viewpoint of the descriptor. In this dissertation, the focus will be on several concerns that are connected to trade and development partnerships, as they may impact on national development planning. Most will be related to the concept of cooperation and capacity-building, both within and between the various stakeholders involved, particularly concentrating on public-private relationships and inter-state support of infrastructural transition and/or transformation within both these sectors.¹⁰

There are a number of ways to evaluate and measure progress made in realizing development goals, including the Human Development Index (HDI)¹¹ as well as the GINI (coefficient) Index,¹² which are both key measurements used in

¹⁰ by means of donor programmes and/or joint-venture projects

¹¹ HDI is defined as the arithmetical average of a country's achievement in three basic dimensions of human development: longevity, educational attainment and living standards. It ranges from 0 (low human development) to 1 (high human development)

¹² **The Gini Index (GINI coefficient x 100)** measures the extent to which the distribution of income (or in some cases consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index score of zero implies perfect equality while a score of one hundred implies perfect inequality.

the UNDP's Human Development report.¹³ These indices have also been integral to the evaluation of the "Millennium Development Goals (MDGs),¹⁴ which have been identified to set specific goals, improve strategies and coordinate cooperation instruments at country, regional and international levels. While these quantitative measurements are subject to frequent revision, and do provide some valuable information, they may not however be the final arbiter in arguing for or against continued N-S donor relationships. The methodology used in their calculation may be open to question, as may be the accuracy of the data involved.¹⁵

Therefore in addition to considering these indexes, we might also take into account the wider qualitative impact of the institutional practices of world trade organizations and N-S relationships as part of our consideration of the pre-requisites for a developmental climate for international relations. In this context, we may focus on the possibilities for

extending the benefits of the greater opportunities and progress in well-being generated by the multilateral system of trade to all WTO members, through greater market access, balanced rules and properly directed and sustainably funded technical assistance and capacity-building programmes...

A system of trade based on clear-cut, universal rules can serve the needs of development only if those rules are extended to all countries irrespective of their economic and political influence.¹⁶

The realization of such a system is the proposed goal for the Doha Development Round of WTO negotiations, and also indirectly of the post-Lome

¹³ Available online @<http://hdr.undp.org/reports/>

¹⁴ see http://www.undp.org/hdr2003/pdf/presskit/HDR03_PKE_MDGgoals.pdf

¹⁵ See e.g., A.W. Pederson. 2004, "Inequality as a relative deprivation" available online @<http://asj.sagepub.com/cgi/reprint/47/1/31>; or

<http://ideas.repec.org/a/spr/sochwe/v16y1999i2p183-196.html#related>

¹⁶ see www.eclac.cl/publications: Chapter 5: From Doha to Cancun: the development dimension in world trade organization negotiations

negotiations involved in the case study (which stress coherence and compatibility of international trade and development instruments). In addition, the same principles are integral to the progress on the MDGs.¹⁷ Nevertheless, as noted by this study and those of several other authors, a distinct disjuncture exists between rhetoric and practice, with the result that asymmetries in agreements and biases in compliance often constrain the market forces that might enable developing countries to take full advantage of international “free trade”. The concerns of the developing countries therefore extend beyond issues of *market* access, to those of equitable access to input on negotiating agendas and/or effective recourse to dispute settlement mechanisms.¹⁸

While there is considerable disagreement concerning the necessity of derogations, special and differential agreements and/or “Blue Box” measures for transitional or open, middle-income economies like Jamaica, the very real challenges that such countries face (some of which are indeed domestic in origin) need to be addressed in the context of international as well as national development planning models. Therefore a formal recognition of the diversity of non-LDC economies and the “specificity” of instruments necessary to national governments in planning trade and development argues for an international trade climate that – particularly during some quantifiable “period of transition”- allows participants to take advantage of “unorthodox innovations” rather than “standardized formulas” to

¹⁷ which are based on “the establishment of a *global partnership for development*,... premised on an open, rule-based, predictable, non-discriminatory trading and financial system. [see: document online @ <http://www.undp.org/rblac/regionalMDGCaribbean.pdf>

¹⁸ *ibid.* p.163

combine “the opportunities offered by world markets with a growth strategy that mobilizes the capabilities of domestic institutions and investors.”¹⁹

Such a trade regime would require a sense of social contract that extends beyond national borders/societies, which is formally bolstered by a *society of states*. Such a society would consciously and continually negotiate and update a set of common goals, values and norms in a national, regional and global cooperative effort to represent and protect the rights and privileges of citizens at all levels of development. An integral part of such a social contract would necessarily involve assuring a trade regime based in a rule of law with an accessible dispute settlement process that supports national governments in promoting their interests from a position of formal if not completely “sovereign” equality.

The significance then of the choice of case study stems from the post-Lome agreement’s status as an “early entrant” in the design of a new trade and development model for North-South cooperation. There is little doubt that in the long run the Cotonou partnership’s influence will be limited by both the financial transfers available and the widening scope of the European Community’s foreign policy and obligations. However, several facets of the framework document and the still-to-be-negotiated regional agreements may continue to have a wider effect than might first be expected. The importance of CPA and the range of horizontal and vertical regional partnerships on which it depends lies mainly in the potential the negotiation period offers as an incremental training and mediating process between partners at different levels of development (both economic and institutional, within CARICOM and between the Caribbean and its partners in both North and South).

¹⁹ Dani Rodrik: 2001, p.61

The period under consideration here is one of both transition and transformation of national, regional and world orders. Therefore the study offers insight on a number of interactions that will affect future arrangements. For example, the effective realization of the goals of the partnership (including the promotion of capacity-building partnerships (in public and private sectors, both nationally, regionally within CARICOM and through donor-led programmes, as well as technology transfer and/or skills enhancement through commercial joint ventures) should eventually strengthen considerably the region's competitive position to facilitate access to world markets. In the shorter term, the skills-training exercises, expertise exchange and knowledge accumulation of the negotiation process itself (particularly as it extends to capacity-building for participation in other negotiating forums) should contribute significantly to the quality of local human and infrastructure resources.

If the implementation phase operates effectively,²⁰ the "demonstration effect" of both the bargaining process and the final arrangements might be quite significant for other areas. This in part led to a concentration on the regionalism model and the compatibility/coherence aspect of the negotiations, but the emphasis on these issues is also related to the theoretical stance of Part One, which links the regionalism-partnership model to the process of globalization and the negotiation of "world order".

As implied by the project's title, the concept of "order" will provide the basic thread to link the varied topics inherent in any discussion of complex relationships.

²⁰ and this is a proviso that is open to considerable debate, as the EU may not maintain the interest/resources to invest in the ACP relationship

While “world order” is now frequently discussed in the popular media, the general issue of order has also informed a wide body of academic research. Indeed, it should be considered a crucial goal of social science to understand and explain the “ordering” of society, in both a physical and metaphysical sense. In this discussion, three principal perspectives on order will be considered:

ORDER as *organization* for arranging and sequencing development

ORDER as *stability/regulation* for assuring transparency and the rule of law

ORDER as *requisition/appropriation* for attaining a just distribution of benefits.

As Hedley Bull notes in his seminal work “The Anarchical Society”:

The order which men look for in social life is not *any* pattern or regularity in the relations of human individuals or groups, but *a pattern that leads to a particular result or arrangement of social life such that it promotes certain goals or values...* By International Order I mean a pattern of activity that sustains the elementary...goals of the *society of states...*²¹ [my italics]

Following Bull’s lead then, this paper will be based on the hypothesis that international relations take place within/ among *mutually conditioning systems* and that the peaceful continuation of the international society of states (IS) depends on the principles of justice and equality.²² The lynchpin of this “International Society” is the state system, but it is not depicted here as an independent, unitary actor. Rather, what is stressed is the rational agency of its numerous systems/networks. Thus, while the state system provides a procedural framework for **order** (stability and sequencing) in the international system, an international/transnational society is

²¹ Hedley Bull: 1995. p. 3ff

²² of access, if not necessarily of outcome

also essential, to provide an effective framework for **justice** within and as a complement to this order. * Both facets of this world order maybe “anarchical”, in that their interaction is not formally based in any over-arching authority, but they are also necessarily seen as cooperative and interdependent, by reason of not only self-interest/preservation, but also through transnational recognition of common issues, values and norms which informally “govern” their interaction. However, it will also be argued that in the interests of realizing a basic, universal right to justice and equity the maintenance of such an anarchical system will also necessitate a rules-based formalized network of agreements and institutions in the instance of formalized sectors,²³ so as to consolidate, regulate and legitimate continued interaction.

Any discussion of modern world order must certainly deal with the influence of “globalization” processes. One of the most positive effects of increasing globalization has been the growth of a transnational civil society, which is gradually identifying common causes and negotiating a common code of norms and values to govern its interaction. The rejuvenation and redefinition of this classic concept is making itself felt at the level of both practice and theory. There is an increasing interest in inclusionary politics, in a refining and revitalization of the democratic process and an extension of basic social, economic and political rights around the world. The mechanics of multi-level “governance” is thus displacing traditional theories of government in academic agendas and public discourse and

* not rules to end, but an organized framework, + a socialized/shared understanding of goals of system
²³ such as trade

institutions are also gradually recognizing the strength and importance of the competing agendas on numerous levels.

This has important repercussions for the organization and maintenance of international order. For the processes of globalization have not only affected the international psyche positively, by encouraging the growth of civil cooperation, they have also increased the complexity of international interactions and domestic capacities, fragmenting as well as integrating nations and economies.

Many scholars portray the decline of the state within the globalization process as inexorable and the international state system has been the subject of much controversy, with many seeing its demise as imminent. My thesis, however, is based on the premise that the state system is adaptable and will continue to define international relations for the foreseeable future. It will argue that though international institutions such as the United Nations (UN) and the World Trade Organization (WTO) are imperfect, they are also open to adaptive change. This change will be organized by the states, which design and participate in them. Their evolution may, however, be guided by an international *social* order, which is gradually but steadily organizing itself around common values and principles, such as human rights, including the right to economic, and social justice.

As part of social conditioning systems, governments and institutions help form the opinions and will of their citizens. However, in an increasingly globalized world, these same citizens will also affect and be affected by the ideas and actions of other political and social systems. The changes such interaction instigates must

also influence reflexively competing networks.²⁴ Power certainly plays a critical role in international relations, but rules-based systems mitigate absolute power and facilitate communication, identification and representation of common interests, through multi-level/multi-sectoral interaction. However, the role of a nascent “society of states”, in identifying and acting on a common framework of normative goals, is critical in assuring the “developmental” aspect of any re-ordering of international relations.

As Bull comments:

Such economic and social justice as is now enjoyed in the world...is largely the consequence of the activities of states or governments in regulating economic life and distributing and underwriting economic and social benefits. ...[and] the states system may come to be infused with a stronger consensus about goals of economic and social justice; ... while the division into sovereign states persists, these states in defining their objectives will be increasingly disciplined by a sense of human solidarity or of a nascent world society.²⁵

Recent events may mitigate against such a view. Certainly, they show that international society has not spread to all corners of the world and that dissent from “acceptable” norms and practices is often violently expressed towards the international system by non-state actors. (9-11) There are also valid criticisms advanced of the view that trade /economic foreign policy is *the* “root-cause” of such unrest and conflict.²⁶ However, if liberal democracies encourage the international practice of the values and rights they espouse for their own citizens, certain basic operational norms may follow to form a wider basis for systemic cooperation.

²⁴ Such a position will be shown to be underpinned by constructivist approaches, but also by other research projects based on negotiation/bargaining, “conjunctures”, community id./socialization theory

²⁵ Bull: op cit p.281f.

²⁶ see for example: R. Sandbrook: 2003 p121ff.

One of the most basic requisites for such peaceful cooperation is equitable access to the economic benefits of international trade. This would require a commitment on the part of developed nations to both open their markets within a rules-based trade system, as well as to share technology and build capacity to identify and tap local advantage in weaker partners.

It is in this context that a conscious building of international society takes on an important significance. The international state system, in all its anarchy, is not organized with equity in mind and for a host of reasons, state equality remains problematic in many world institutions. A basic assumption of formal sovereignty may achieve socio-political **order**, in the sense of patterned stability, but the state system alone will not instigate distributional change, without the mitigating influence of mechanisms for international social justice.

Richard Falk²⁷ draws attention to the inherent contradiction of the present “Westphalian”-based international order, which pits the “territorial/juridical logic of equality” against the “geo-political/hegemonic logic of inequality”. Edward Keene²⁸ also refers to the contradictory principals underlying international order - which he identifies as pursuing the different purposes of “civilization” and “tolerance”- as presenting a complex dilemma for those seeking to explain or analyze world order. The fuller implications of this underlying dichotomy of international order will be discussed further later in this paper. Suffice it to note here that there is no single factor comparable to the international trade process in fixing citizens’ access to the benefits of global developments, whether social,

²⁷ Falk: 2002. in Hettne & Oden, p. 147 f.

²⁸ Keene: 2002. p. 148f.

economic or technological. The logic of the market is essentially competitive and unforgiving and there is no definitive proof that it can, unfettered, “raise all ships’ or “level the playing field”.

It is, at best, part of the solution. Yet, in this age of increasing trade liberalization, international market integration has played a seminal role in determining national development processes, which have in turn largely delineated individual states’ international influence. Not all actors will have equal power to effect change and not all actions will have predictable outcomes. Nevertheless, there is room for manipulation of the process of change by all agents. The impetus for development and social justice comes from society: both from individual members and from its collective consciousness. Placing trade and development within the internationalist tradition then enriches the tools we have at our disposal to posit new directions for development policy, as well as to aid in the design of improved international mechanisms and institutions, which can achieve the expressed goals of social equity.

The goal of building a global social order, to underpin the formal association of states, should not be seen as “Utopic”, but rather pragmatic. For, without this fundamental contract, peaceful development will remain elusive, because of the inherent inequality of natural and human resources that presently define global power structures and possibilities for economic and socio-political change. Based on the foregoing analysis of the *ordering* (organization) of international relations, this thesis will consider the recent revitalization of regionalism as a national development strategy, as part of a *re-ordering* (regulation) of national processes

and instruments to mediate change- to *order* (requisition/appropriate) a more developmental world system of trade.

Regionalism:

One of the most notable changes in the arrangement of inter-state relations has been the recent growth of regional integration agreements (RIAs). These RIAs have been studied mostly as economic phenomena, and variously, as either a challenge or a complement to the multilateral trade system.* Yet there is a diversity of both motive and organization in these initiatives and academic interest is increasing in the modalities of their operation. Regional integration efforts have been essentially aimed at controlling the influence of international markets;²⁹ therefore a study of the evolution of regional integration agreements should offer valuable insights into the “mechanics” of negotiating change in the world order.

In the context of this study, it is recognized that both formal and informal systems will guide and condition regional integration and international relations, but concentration will be focused on the strengthening of social networks, which will be necessary for *strategic regionalism* (both within regions and between regions in the Cotonou Partnership Agreement). Given the limits of its resources (both human and geographic) Jamaica* is unlikely to ever independently offer its citizens the “welfare state” benefits that are common in developed nations.

Therefore regionalism under the new EU-ACP trade regime will be examined in the

* See Chapter 1:Regionalism.

²⁹ either by limiting access to local markets through tariff or non-tariff barriers and/or by consolidating regional production networks to improve global competitiveness

* and other mid-developing, smaller states

light of principles of equality and the sharing of benefits, at national, regional and international levels.

Regional integration projects, both on a horizontal and vertical plane, are depicted here as a transitional means to an end. As part of a developmental world order they would then be:

- transitional, state-led projects
- aimed at improving legitimacy/efficacy of the state system
- transformational of the existing order, both at a national and international level
- dependent on social as well as economic measures to realize development goals

The regional integration schemes presently being pursued in and around the Caribbean basin are not all built on such a premise. Indeed, such an approach would directly contradict the assumptions that inform policy decisions in many states. However, these are at least the rhetorical basis of the partnership model advanced by the EU for its ACP partners in the developing world. The inclusion in the Cotonou Partnership Agreement (CPA) of clauses on human rights, democracy, and civil society and private sector consultation and cooperation are an indication of an emergent dualism of goals for international relations/trade organization - an “ordering” of development through market mechanisms, underpinned by a commitment to cost-sharing and cooperation to build the instruments and capacities necessary to integration and development.

The international system of states and the politicized global economy (in which trade and development instrument are increasingly tied to political reform and government performance) arose out of the logic of social interactions. While each has taken on a “systemic logic” of its own, in our analysis of their direction and evolution we must not lose sight of their basic welfare goals. It is this connection between globalization - of trade and social processes - and the localization / decentralization of development processes, that inspires the choice of a cross-disciplinary case study that assesses both horizontal and vertical, domestic and international relations on multiple levels. It is the commitment to a social contract for change in the discourse and practice of North-South relations that sets EU-ACP trade mechanisms up to promote regionalism as an ideology for development. However, it is the *operationalizing* of theory into practice –the process and agency of regionalization-that will determine its success as a new model for developmental international relations.

Chapterization

Development has classically been portrayed as either dependent on international organization or, alternatively, as the exclusive responsibility of domestic agencies, with divergent views on the relative roles of the public and private sectors. Recently, however, development planners have recognized the synergies of domestic and international policies and practices in both public and private sectors, in determining the success of development initiatives. It is within this school of thought that the “partnership” model for trade and development has found favour.

Part One:

Chapters One and Two will deal with regional integration and national development planning, considering details of the political economy of trade and public policy. This section will discuss particularly N/S public-private interactions in relation to the international system for trade and development.

Within the neo-liberal paradigm, minimizing government intervention in markets and opening international trade channels encourages growth in national economies. Yet, many “alternative” development theories have posited that dominant trade practices and mechanisms fix the relative place of developed/developing countries within the system. So, while distributing the benefits of growth and development has usually been considered a national responsibility, many argue that increasing globalization and shrinking public coffers take away individual governments’ capacity to fulfill this task. Thus, participation in regional integration schemes has been advanced as a possible solution to the production/competition restraints of small economies in various stages of development.³⁰

Chapter 3 will place the argument for a “developmental” regional/world order within the context of international relations theory.

To adequately explain the logic of North-South/developed-developing country relationships in recent years, we must resort to a complex analysis of socio-political realities, one that goes beyond the boundaries of narrow academic disciplinary.

Social Science and particularly development research as a whole has reached a

³⁰ see Schirm: 2002. p.8f

critical crossroads in recent years, as many disciplines widen their fields of interest and expertise to improve our understanding of an increasingly complex and interactive world. This dissertation will bring together strands of many different fields of research to evolve a coherent study of the factors that feed into the international development process.

While many academics have formally sought to divorce theory-building from normative bias, others have accepted and built on the implicitly normative basis of human relationships.³¹ The early proponents of the English School³² are among the few international relations scholars who overtly argued for a normative approach to International Relations, one that takes into account the often-fragile *social* aspects of state relations. Bull, in particular, focused on the effect that a then-emergent international society might have on the *world social order* as distinct from the international order, which is based on relations among states as legal entities. This minimal societal “reality” is implicit in the generalized adherence to the (largely informal) international rules of engagement and recognition of the benefits of international cooperation. It is around a similar understanding of such a *world order* that this study will build an argument for a fresh direction for development initiatives, based on a *social contract*, negotiated by and for all participants, under an international trade regime founded on state-led partnership and regionalism. The argument advanced in Part One is based on the premise that states choose regional integration as both a **defense** strategy – to enhance the power of the state to fulfill local welfare-enhancing goals and to defend their interests at international forums-

³¹ See: Reus-Smit: 2002

³² Wight, Vincent, Hedley Bull

and as a **transformational** strategy- to help reform/improve market/production competitiveness and adjust international regimes to reflect the equality and diversity of state capacities.

Part Two:

Subsequent chapters will go on to discuss this theorizing from the viewpoint of Caribbean trade and political economy. **Chapters 4 and 5** will place the theoretical discussion of Part One in a specific context, relating the importance of international society to the EU-CARICOM relationship under the Lome/post-Lome trade regime.

The “Introduction to the Case Study” (Chapter 4) will trace the history of the partners and their relationship (through the Lome I-IV agreements) as a reflection of general development practice and policy. The main case study (Chapter 5) will then examine the relationship of the two regions, in the context of the first, framework phase of the ACP-EU Partnership Agreement (Cotonou, 2000). This ongoing negotiation for a new developmental trade relationship between the European Union and its traditional ACP partners, based on trade and regionalism, is defined by a *partnership* approach, which sees regional cooperation and coordination of common goals as the path forward for North-South relations.

This section will focus particularly on Jamaica - its domestic planning process and its role within the negotiation process towards a renewed logic for Caribbean integration - to examine the role that government, society and institutions may play in an international process that will define a new world order,

in response to rapid integration/liberalization of markets. Earlier Regional Integration initiatives in areas such as the Caribbean (i.e. CARIFTA³³) were largely focused on protection and internal markets. In 1973, the Caribbean Community and Common Market – “CARICOM” - was founded with the signing of the Chaguaramas Treaty. It has since expanded to include member states: Antigua and Barbuda*; Barbados, Belize; Dominica*; Grenada*; Guyana; Haiti; Jamaica; Montserrat*; St. Kitts and Nevis*; St. Lucia*; St. Vincent and the Grenadines* ; Suriname; Trinidad and Tobago. The Bahamas is a member of the Community but not the market; and Anguilla*, the British Virgin Islands and the Turks and Caicos Islands are associates. Several other countries have observer status. Starred* states are also members of the Organisation of Eastern Caribbean States (OECS).³⁴

However, throughout its early existence, the “Common Market” aspect of CARICOM has traditionally attracted more interest than the “Community” one. Numerous studies of Caribbean integration continue to focus on the economic aspect of the process, advancing the lack of political will as an explanation for its slow progress or, alternatively, lauding the success of “functional cooperation”, in the face of competing national and international interests.

More recent developments in regional organization are broadening CARICOM’s scope, in both its activities and goals, and inciting a renewed interest in the “mechanics” of regionalization. In 2001, the Chaguaramas Treaty was amended to establish the Caribbean single market and economy (CSME) and the subsequent drive to regional integration is aimed at encouraging openness to and

³³ see Annex 2B

³⁴ with the Dominican Republic, CARICOM is designated “CARIFORUM” for its relations with the ACP-EU trade provisions

competitiveness in world markets.³⁵ However, political coordination and harmonization, especially of foreign trade policy, is also of increasing importance in attracting member support to Community initiatives. This “new” or “open” regionalism is not seen as a finite end in its self, but rather as having dual goals. The first is economic: the rearrangement of production/negotiation capacity to respond to penetration of socio-economic policy by external/international factors: as part of a transition to the shared benefits of a vibrant, open global economy. The second is socio-cultural: as protection against “erasure” of national/regional society and cultural identity.

The organization thus maintains a certain element of protectiveness, as participants see regional cooperation as a way to protect, if not long-run economic choices, at least local input in international change, as well as to encourage the maintenance of cultural and social practices and norms. Both facets are part of a member-state-led strategic intervention that focuses on the ability of local processes to transform opportunities, to take advantage of the benefits and limit the costs of globalization: to improve the standard of living, while maintaining an distinctly Caribbean lifestyle.

However, the countries concerned here also increasingly attach great importance to participation in international institutions and varied forums (UN, WTO, Non-Aligned nations; “Groups of”: 99/77/21³⁶ etc.)- as protection for formal sovereignty of the “nation-state”. The cooperative aspect of their strategic planning

³⁵ see www.caricom.org for criteria/timetable for completion of single market

³⁶ for further information see: Group of 99: <http://fpc.state.gov/6119.htm>

Group of 77: <http://www.g77.org/main/main.htm>;

Group of 21: <http://www.un.org/ecosocdev/geninfo/afrec/vol17no3/173wto.htm>

is focused not only on the geo-political state, but also on a loosely recognized socio-cultural identity. In responding to the perceived threat of absorption into a “homogenized” world society, designed by “invisible hand”, smaller countries and regions seek to cooperate in series of open-ended alliances and rules-based mechanisms and institutions, to promote and protect their “specificity”, both in social arrangements and development requirements. These alliances may include not only territorially based agreements, but also “partnerships” with countries, NGOs and companies, both near and far, at varying stages of development. This takes state-led local organizations onto the world stage, giving their participants “voice” in the evolution of global institutions and instruments.

Finally then, this dissertation’s final chapter will assess the critical developments that are or should be taking place within and between the two regions covered, in order that the partnership model can achieve its goals of equitable and sustainable development.

The continuing failures of trade and development initiatives,³⁷ as well as the growth of regional integration agreements internationally in recent years, has brought particularly widespread attention to demands for more inclusive and democratic “governance” models, as well as more effective institutions, to fulfill expectations for improved living conditions on both a local and global scale. This makes it essential to address the perceived deficiencies of the international trade and development regime, as the failure of governance at one level often engenders disenchantment with the system as a whole. In the European trade-development

³⁷ Particularly in Seattle and the Cancun meeting of the Doha Development Round

model, regional integration is posited as part of a strategy to enable state governments to provide public goods and distribute benefits engendered by improved economic options. This trade model is valued for its ability to coordinate and communicate to international forums the common social, economic and political interests of its regional partners. Thus, successful regional bodies may encourage successful states and feedback between levels of governance might encourage the commitment of citizenry to continued interagency cooperation.

The linking of local, regional and global distributive mechanisms takes the concept of development to a wider network of partners. Regional cooperation requires a sacrificing of geopolitical autonomy (if not formal sovereignty), in order to protect both economic prospects as well as a sense of socio-cultural identity/specificity. A commitment to sharing the costs-benefits of such integration is essential to the developmental aspect of such an arrangement. As an adjunct to this increased cooperation, the national/regional identity is eventually in itself changed and redirected from its original nation-state roots, to a more inclusive and open-ended society. Carrying cooperative partnerships on to include inter-regional regimes expands the sense of “social order” to a larger stage.

The argument is advanced here that it is the *combined, interdependent* actions of an efficient, capable state machinery and an informed, committed citizenry that will provide the motor for a new development model based in regional cooperation. Such an argument supports the hypothesis that both the study of Regional Integration/Trade Agreements and the planning of institutions and mechanisms must be based on the premise that community-building is not just an “added

benefit” of integration, but rather an essential ingredient in any association that purports to be essentially “developmental”. The anecdotal evidence supplied in interviews/reportage of negotiations will also be seen to support the recognition (implicit, if not explicit) of the importance of a social contract for international relations.

There is a certain contingency to critical theory, which may find its conclusions out of sync with actual developments. This thesis aims mainly to outline the “ideal” of a development-focused international society - the desirable pattern- as a pre-requisite for the success of developmental partnerships. The actual trappings and progress of such a project will certainly vary over time. However, having a clearer appreciation of how the “reality” of process and practice in a specific case/timeframe compares to the “ideal” of theory should help us deal with the planning and consequences of critical negotiations.

The main goal of this research project has been to study all facets of local, regional and international development practices, in relation to the “ideology” of the EU partnership model, based on *regionalism as a development tool*. This has concentrated analysis on multi-sectoral/multi-level cooperation within and among the local communities, states and regions concerned, with a view towards identifying the essential building blocks not only of an international market but also of an international society. It is argued finally that this state-/elite-led process has the potential to institutionalize and regulate cooperation based on the agreed goal of establishing “equity” as a global public good. Each partner then also should have

the capability of participating in the definition and realization of the true meaning of “development”.

Such an approach helps make developmental policies a concern not only for the traditional “developing” countries, but also for the classically “developed” economies.³⁸ The recent “Millennium Development Goals” and the reconfiguration of the development measurement statistics for the UNDR have resulted in increasing attention to inequalities in the “North” as well as the “South”.³⁹ This should enhance academic interest in improving the quantitative and qualitative tools necessary for designing models, instruments, and indicators, as well as tools for evaluating programmes for results in specific environments.

I trust that such research will add to our appreciation of the interactions of planning, agency, and process in the future order for development, for Jamaica and for its multiple partners in world trade. Thanks is due to the many other researchers and practitioners, particularly in Jamaica, who have lent their time and expertise to this project. Their input – explicitly acknowledged or otherwise- was much appreciated. Any errors or omissions are, of course, regrettably accepted as my own.

³⁸ see “Note on Terminology”: p.v.

³⁹ see UNDP.org: Human Development Report Summary: 2003 “Countries with Medium Human Development: Attacking Pockets Of Deep Poverty” p31f

Part One:
Theorizing A Developmental Global Order:
Structure, Agency and Change

Chapter 1: Regional Integration, Regionalization and Regionalism

In recent years, there has been a renewed interest in and reorientation of research on regional integration schemes. While earlier geopolitical regional integration theory focused mainly on the European Community, as a sui generis project, regionalism research is increasingly linked to wider-ranging studies, often crossing traditional academic disciplines, and associated with globalization processes. Though many still emphasize the market/ production aspect of regionalization, others also consider the “multi-directional and hybrid nature” of integration projects, which “build up, down across and beyond” state boundaries, in an attempt to balance global and local pressures for “progress”.¹

This first chapter will trace the evolution of regional theory from economic, ideational and institutional viewpoints, with a view to opening up the discussion of regionalism as a development tool. It will outline early theoretical approaches to (mainly European) regional integration, then go onto explain the different goals and mechanisms of the new wave “open” regionalism projects pursued more widely in the last decade. The following sections will connect this change in focus to the evolution of development theories and models, as well as to globalization discourse. They will discuss the competing integration/fragmentation impulses of “glocalization” and connect the national impetus to regionalize to North-South cooperation and international trade and development regimes. The final sections then outline various academic approaches to new regionalism as a long-term, transitional and transformative “mediating institution” for change at both a sub- and supra-state level, and discuss such approaches in connection to the Case Study. Finally, the concluding pages will describe the concept of “subsidiarity” as a model for constructive change in the world order.

¹ See UNU-CRIS project web page @<www.cris.unu.edu/aworldof.htm>

Most early research on regional integration was based in area studies, particularly focusing on the evolution of cooperative inter-state agreements such as those marking the various stages of the European Community/Union. These were studied as essentially economic processes, though many researchers were also interested in the socio-political repercussions of market integration and the design of the institutions and mechanisms that supported it. The following section will briefly outline earlier approaches to regional integration, while subsequent sections will review more recent literature on the growth of what is variously referred to “new”, “second-wave” or “open” regionalism. This latter literature has arisen in response to a sudden increase in regional agreements concluded in the past decades and seen mainly as a response to accelerated globalization processes.

Regional Integration Theory

Regional economic integration *per se* is a relatively easy concept to define. At its most basic, it concerns the elimination of economic frontiers between countries.² As a purely economic theory, integration stresses the economies of large-scale production, dynamic trade creation and coordinated industrial planning among a group of nations. This can be fostered by measures that are negative (removal of barriers) as well as those that are positive (creation of new harmonization regulations). While most economic integration arises out of political motives, in as much as trade and welfare arrangements depend on political decisions, in the early stages the rationale for interaction may remain purely economic.

² W. Molle: 1990. p.5.

However, over the years integration theory has increasingly looked beyond the purely economic to consider the transfer of what is variously referred to as “loyalty”, “sovereignty” or “authority” to a higher regional entity. It examines a number of different stages of co-operation, ranging from free trade areas and custom unions through common and single markets to economic and monetary unions. In practice, these stages are not necessarily progressive or even easily differentiated at any given period; each form exists in its own right and may be seen as a goal in itself. A grouping may happily remain at a particular level or in transition from one to the other, or skip from one level to another, over any given period, and the development of any initiative depends on a number of factors, both internal and external.

Several schools of thought have emerged to examine the integrative process, most often within the European community, but also recently in the North American context, as well as in relationship to developing countries. The EU itself has been examined from numerous perspectives: firstly, as a complete entity, an institutionalized actor in world affairs. However, only the European Communities (which is part of the EU) has a legal personality; thus, many prefer to concentrate their studies on the Union’s component parts, such as the member states, institutions and non-governmental actors.³ *Federalism, intergovernmentalism, neofunctionalism* and *consociationalism* all lay greater stress on the nation-states’ influence on the development of regional bodies. Some federalist sympathizers have seen political integration as being a *function* of economic harmonization. They note that the final objective of economic integration is to increase overall

³ Clive Archer and Fiona Butler: 1996. p.1ff.

welfare and induce a convergence of economic performance across the region; this presupposes an unspoken commitment to harmonize more than markets.

Functionalists and, latterly *neo-functionalists*, have defined integration as a dynamic process, which engenders a natural progression from one area of co-operation to another. These theorists see political aims, such as the elimination of conflict and political co-operation to solve international disputes, as implicit in early economic initiatives and stress the importance of co-operative trade arrangements as steps towards a final goal of social and political cohesion, maintaining that “spillover” from successful integration from one area to another should ensure a continual progress towards “an ever greater union”. Though *functionalism* performed the important task of challenging the supremacy of nation-states, emphasizing rather the role of groups and “world politics”, the lack of linear or even steady progress towards EU federation, and a failure to adequately consider external influences limited its usefulness.

The “reality” of European Community (and Caribbean) development (which suffered many set-backs during the Seventies and early Eighties) largely discredited early functionalist theory. There was, nevertheless, a partial revival of interest in some of this theory with the advent of the Single European Market (SEM), when Keohane and Hoffman (1990) reinterpreted “spillover” and drew on bargaining theories to explain the importance of an EU network of governance, which served to move integration forward with the SEM. Neo-functionalism also found its supporters in the Caribbean mainly among bureaucrats and leaders, who depended

on incremental economic integration, “thus capturing only part of the integration process”.⁴

An alternative unit-based approach is *intergovernmentalism*, which also assumes a primary role for nation-states. Such theories⁵ concentrate on the various aspects of the role political institutions play in the integrative process, considering critical factors such as self-reliance, centralized power, bargaining strategies, cross-border issues and transnational decision-making, as well as the importance of actors outside central government.

Other theorists have seen such approaches as tautological and stress instead *structuralist* logic, based in institutions, and/or the pragmatics of multilevel governance and the development process. Early Caribbean structuralists (such as Beckford, Best and Levitt) drew on “core-periphery” models and the work of Latin American structuralists, to analyze dependency and underdevelopment. They were followed by others, (Brewster, Thomas, McIntyre, Girvan) who concentrated on trade policy initiatives to counter dependency.⁶

Though much has been made recently of the growing “globalization of interests”, Andrew Hurrell argues that the effect of most issues are felt regionally and that the demands of collective management and regulation of many of these are more viable on a regional, rather than a global basis. Regional politics then grows out of concerns for equality of access, as well as a response to commercial and

⁴ Bryan & Bryan: 1999. p. 4; this paper offers a good synopsis of the RI theory in the Caribbean

⁵ see: Stanley Hoffman 1968; Taylor :1983; Weber and Wiesmeth: 1991; Moravcsik: 1991; Rometsch & Wessels: 1996

⁶ *ibid.* p.6

social convergence.⁷

While the previous sections have concentrated on approaches which examine the domestic influences on regional projects (the “inside-out” aspect), the following section will discuss theories that stress the trans-/supra-state structures that impact on national planning processes (the “outside-in” factor). These studies of regionalism and the global order have adopted an internationalist systems approach, concentrating on the influence of international systems on states’ organizational responses. They concentrate more on over-arching, often global socio-political forces; examining these structural approaches, while still keeping in mind neo-functional logic should provide a “bridge” to the new face of regionalism that is the focus of this study.

Neo-Realists, stress the importance of competition for power, and the constraints of the internationalist political system. This systemic theory attempts to understand regionalism by examining it “from the outside in”, considering regional cooperation as a response to external challenges, along the lines of alliance formation. It is often applied to explain the type of regionalism practiced by the less powerful. Neo-realist logic typifies early regional initiatives in the developing world as schemes to improve to improve bargaining positions in the international system or as bulwarks against outside intervention. The relative failure of these regional arrangements to attain their goals then calls for the “rebirth” of regionalism in the Eighties to be considered as dependent on “band-wagoning”

⁷ Fawcett and Hurrell: 1995. p.58

through broader based “group solidarity”, which would be contingent on hegemonic support.⁸

Earlier, we noted the global resurgence of regionalism, with regional arrangements arising recently in such disparate regions as North and South America, Africa and Asia.⁹ At first glance, this global trend seems to indicate a rejection of globalization and “free trade”.¹⁰ However, there is an alternative school of thought, which sees global/regional processes as not mutually exclusive, but rather the building blocs of both a global market and society.¹¹ The eventual effect of regionalism on the multilateral trading system is difficult to predict and a number of differing opinions on the desirability of encouraging regional growth have been stridently expressed. Certainly “regionalism adds an exciting dimension to the flat plain of unilateral versus multilateral trade policy”.¹²

As Richard Gibb notes,¹³ the variety of interpretations of regional growth depends on differing perceptions of regionalism, variously seen as a *response* to the negative effects of the unfettered market or as a *strategy* for promoting multilateral initiatives. He goes on to assert that, while arguments in favour of free trade are strong, the creation of regional blocs can be attributed to reluctance in accepting the uneven distribution of wealth seemingly inherent in that system, as well as the failure of GATT to effectively manage the global economy and the behaviour of regional blocs, leading to a plethora of arrangements of varying scopes. This

⁸ *ibid* p.51f.

⁹ i.e. NAFTA ('92), APEC ('89), Mercosur ('94), etc.

¹⁰ Indeed, many of the earlier regional initiatives (including early Caribbean plans) were inwardly-focused/“fortress”-type processes that concentrated on building internal networks that could resist external pressures to integrate in global markets.

¹¹ T. Geiger and D. Kennedy: 1996. p.124f.; see also Frankel 1997:p.227;

¹² Frankel: 1997. p.229

¹³ R. Gibb and W. Michalak: 1994. p.2

study's observations would concur with such an interpretation. Several other authors point to the significance of the U.S.' accession, in the early 80ies, to GATT Article XXIV, and its subsequent support for regionalism as an alternative or a supplement to multilateralism.¹⁴

Many academics have been interested in situating modern regionalism in the wider context of globalization. Thomas Hueglin asserts that the increase in regionalism is an indicator of the "erosion and obsolescence of nation-state politics". He sees this development as a "self-organizing demand from below" in reaction to the inability of national government to fulfill its perceived roles of both growth and distribution, and points to regionalism as not only a symptom of waning national sovereignty, but also as a "cure" for disenchantment and a "real manifestation of modernization".¹⁵ Hueglin is mainly considering regionalism as a general commitment to a *subnational* territoriality. However, there is every indication in other studies that the same type of attitudinal change could be motivated towards a *supranational* entity.

Robert Lawrence also comments on the lack of continuity of national governmental and economic jurisdictions and the advisability of cross-border collaboration.¹⁶ He analyses the complementarity of regionalization and globalization, concluding that most current initiatives are "inclusive arrangements...[that attempt] to meet the needs arising from globalization." He also stresses the importance of finding the appropriate level of integration, which can encourage efficiency and development in specific regions, remarking that: "the key

¹⁴ see: J. Bhagwati: in De Melo and Panagyras: 1993. p.29f; also Frankel (1997) p.5f

¹⁵ T. Hueglin: 1989. p.210

¹⁶ R.Z. Lawrence: 1996. p.xxi

to broader arrangements is successful smaller arrangements."¹⁷ Though approaching the issue from an entirely different perspective, Wieslaw Michalak sees regional trading blocs as a "spatial expression of a new mode of international regulation", resulting from a "largely unpredictable coincidence of historical, economic and social circumstances".¹⁸

These inter-state arguments have little to offer in explaining the domestic factors involved in regional cooperation. However, combining all the foregoing theories can offer something to our understanding of why states choose regional integration. A *general/complex systems-based approach*¹⁹, such as that adopted in the case study following which draws on several facets of social-state relations and multiple levels of analyses, should provide a valuable tool to explain and evaluate the interaction of the domestic impetus to regionalization, within an international context of interdependence, regionalism and globalization. Such a multi-dimensional analysis links the institutional/non-institutional aspects of state-led regional integration processes, and considers them in conjunction with the "bottom-up" demand for more efficient state instruments and the "top-down" pressures of international interdependence, to consider the full scope of factors that change decisional procedures and policy planning. This may result in some governance mechanisms moving to sub-state levels, while others are "bumped up" to international or regional bodies.

¹⁷ *ibid*:pp.7,110.

¹⁸ R. Gibb & W. Michalak (eds): 1994. p.66

¹⁹ See Chapt.3 following

My arguments in the case study combine most of the above approaches, to add to our understanding of the multiple impetus' to regionalism that inform Jamaica's decision to support the revival of CARICOM, both as a response to internal and external demands for change and as a strategy for meeting its obligations within the ordering of development. This emphasizes the systemic feedback mechanisms that are taking place within and among states and societies in the international system, reflecting the multitude of actors and processes that may compete or cooperate to re-enforce systemic interactions or realize change. It also precludes any simplistic "formula" to inform national planning or international development models.

Regionalism and Development: Integrating Theory and Practice

Whatever explanations we consider most enlightening (and most have something to offer), the number of new regional arrangements can only be taken as an indication of the benefits anticipated by the governments involved - whatever the costs might be. As mentioned above, the goals and definitions of regional integration may differ over time and distance, with some groups seeing economic integration as a static arrangement, while others perceive it as a dynamic process, leading to deeper forms of cooperation. Many arrangements are not necessarily of long duration and may disappear or mutate in a relatively short period. Others may stagnate, only to be revitalized. –J. Bhagwati notes the “world of difference” between rhetoric and implementation, emphasizing the uneven progress of even established entities like the EU.²⁰-

²⁰ Bhagwati: ibid p.41

As a consequence, it is increasingly difficult to evolve an all-encompassing theory of economic integration, or to predict the final outcome of this transformational process. As Mansfield and Milner note: “the political underpinnings of regionalism ...remain murky and the need for additional research on this topic is glaring”. They also conclude that research in this area would add to the body of knowledge not only on regionalism, but also within the field of international relations including the “factors influencing the design and strength of international institutions”. Most importantly, these authors also argue for a more nuanced understanding of such issues as an important factor in influencing policy-makers to adapt the type of “benign” regionalism that will avoid fragmenting the global economy²¹ (and, I would add, global society).

In an effort to respond to this challenge to further our understanding of the “human” face of regionalization, the following section will relate these basic approaches to regional integration to general theory on the developmental aspect of regionalism, as part of the larger body of research which concentrates on building cooperation and interdependence mechanisms for the international system, as a prerequisite for the realization of a just world order.

It is significant that in recent development scenarios we are seeing an increase in “vertical regionalism” between partners at different stages of development.²² Though every region must find the acceptable balance between winners and losers, there are a number of important concerns that arise specifically in relationship to extremely dissimilar partners. It is this type of association that will concern us most

²¹ Mansfield and Milner in Diehl: 2001. p.344

²² Brigitte Levy: 1995. p.12

in the present study, as it offers the potential to build new partnerships between North and South, which could address the problems of unequal development.

This research project began with general approaches to regional integration, but has moved beyond them to adopt a broader, multidisciplinary analysis, which considers the full spectrum of regional *development* initiatives, from multilevel economic through socio-cultural and political perspectives. This approach owes much to the United Nations University-World Institute for Development Economics Research (UNU-WIDER) “New Regionalism” research project.²³ It concentrates on the goals and values of *regionalism*, as an ideological approach to development based on cooperation partnerships, as well as evaluating the activity involved in the *regionalization* process covered in the case study. The case study has been the focal point of this project, and is essential to the theoretical contribution of this dissertation, which argues for a cooperative, but differentiated approach to trade and development studies. The conclusions, therefore, pay particular attention to the importance of social contracts, communitarian values and the “inter-connectedness” of development networks and instruments: an integral part of the “partnership” concept on which the study object (the Cotonou negotiations) is based.

There are a number of aspects that differentiate the second, post-Cold War wave of regional projects from earlier ones. First of all, newer Regional Trade Agreements (RTAs) themselves must be seen as a reflection of a significant change in the understanding of development processes, both within the countries concerned

²³ <http://www.wider.unu.edu/>; Hettne, Inotai and Sunkel: 2001.

and throughout the development community at large. In the dominant neo-liberal view, new plans for development/regional organization accept the failure of both institutionalized socialism and the former import-substitution/closed economies with heavy government intervention in market processes, to aim instead to open markets, encourage private sector growth and decrease public sector participation in economic activity. Regional cooperation, at varying levels, is then pursued as a development “tool”, which will ideally maximize utility of production and welfare outcomes, while at the same time minimizing administrative cost (through shared institutions) and adjusting domestic processes to international norms and competition.

The concept of *new* or *open regionalism* differs significantly from older arrangements, in that newer regional integration projects focus on discriminating against non-members, while still accommodating multilateralism through openness:

- to intra-regional liberalization
- widening and deepening of integration processes through the acceptance of new members
- associations/bilateral agreements with other regional bodies²⁴

Open regionalism also usually extends liberalization to services as well as goods, and involves a greater degree of harmonization and policy coordination.

However, to reiterate an earlier observation, *as a development tool* regional cooperation depends on a duality of the scope and purpose of structural change, both locally and globally. Re-vitalization and re-orientation of regionalization (as a process) and regionalism (as an ideology) can be seen as both a response to and a

²⁴ see Nicholls et al.: in Bulmer-Thomas: 2001. p.143

protest against globalization. In reference to CARICOM, and possibly other Southern regions, the first reaction is noticeable in the acceptance of increased market openness as a prerequisite for growth, as well as in the regional re-organization of production processes to encourage economies of scale and increased global competitiveness. It is also reflected in an increased interest and participation in international forums and regimes such as the GATT/WTO.

However, this last also is indicative of the “protest” factor, as many states see participation in regional bodies as a way to increase their influence on international decisions that will directly affect national welfare/ development options. Thus, many developing countries have formed alliances and expressed solidarity not only in “mainstream” institutions, but also through various non-aligned, counter, or alternative groupings, with the goal of changing the organization and operation of international trade regimes. Such initiatives are then not standing totally against multilateralism, but rather acting as both buffers and adjustors to external factors, whether discretionary or unplanned.

As Anthony Payne observes,²⁵ there is a distinct variation in the arrangement and “raison d’etre” of new regionalism projects. The historical experiences of partners, their relative place within the global system and the institutional structures, values and norms underpinning their interaction all play an important role in adjusting the focus and impact of regional initiatives. Thus, identifying the long-term goals of regional associations and designing a model for interaction that will best realize these ends is an essential factor in evaluating the role regionalism may play in national development plans.

²⁵ Payne in Hall and Benn: 2003. p.154 f.

Increasing research on the re-orientation of regionalism is of particular interest to political economists who focus on development and trade mechanisms. This type of regionalism has implications for more than markets; it focuses on regional integration as part of a greater distributional and regulatory mechanism that allows regions to harness forces for development through cooperation. Those who argue that modern forms of “second” or “open” regionalism can support liberalization of world trade note that most recent integrative efforts have not been “fortresses”, but rather open arrangements that have been increasingly inclusive.²⁶ Jeffrey Frankel, in a 1997 study of regional blocs in the world economy, makes a strong case in favour of the “dynamic effect that intra-bloc policies have on trade policies between the regions”, stressing the importance of a “rules-based” global arrangement, which could be “harness[ed] for good rather than ill”.²⁷

This brings us to the importance of stakeholders and institutions in directing the pace and focus of development and economic growth. As Frankel again notes, it may be that in future such supranational, regional entities will provide the impetus and leadership for world development.²⁸ Therefore, a most significant function for regional cooperation, both South-South and North-South, might be considered its potential for changing/transforming the world order. Just as import-substitution/ New International Economic Order (NIEO) and non-aligned movements were strategies designed to protect emerging economies from the power of international markets, the open regionalism promoted in these areas seeks to not only adjust internal processes to external demands, but also global practices to domestic

²⁶ See De Melo and Panagariya 1993. p.29f; Frankel: 1997.p 225; Payne op cit p.156

²⁷ Frankel: op cit. p.230f.

²⁸ *ibid*: p.240

priorities. In its openness to alliances/formalized vertically integrated relationships, new regionalism involves in its development planning societies and institutions that extend beyond its borders.²⁹ The chance of such regional agreements playing a truly transformational role will therefore depend on their ability to mobilize cooperation in both upward and downward networks of individuals and organizations.

In their ideal manifestation, as part of a new development partnership model, regional cooperation agreements might then be seen as part of the global commons, in that they seek to increase equal access to welfare-increasing benefits from market integration as well as defending domestic infrastructures for providing public goods. Such an assumption would of course be based in the view that the present international order does not in itself act as a welfare maximizer. (Given the extensive material available on the failure of international trade and development models, this is not an unreasonable view.)

My research findings agree with the idea of regionalism as a force for change.³⁰ The capacity and agency for such change, however, also lies outside formalized institutions. My hypothesis is both inspired by and dependent on regional evidence of growth in “world order”,³¹ in conjunction with the process of change and adaptation that accompanies increasing global interdependence. Like

²⁹ i.e. through participation in multilateral institutions which are not direct parties to the agreements concluded; this point will be returned to in the discussion of Cotonou’s compatibility with neo-liberal agendas/ WTO regulations

³⁰ see Part 2/Chapter Five

³¹ see definition Bull: 1995. p. 21: “world order entails something different from international order. ...something wider...more fundamental and primordial...something morally prior to it... To give an account of it we have to deal not only with order among states but also with order on a domestic or municipal scale...and within the wider world political system of which the state system is only a part.”

regionalization, this loosely formalized process towards world citizenship is both a result of and a reaction to technological progress, which is rapidly shrinking distances, both actual and imagined. While there is concrete evidence that increased interactions between societies formerly separated by either physical or socio-cultural distances has caused fragmentation and conflict, there is also a growing interest in the positive aspects of the networks of common causes, which link formerly separate entities as new agencies for cooperation.

As will be discussed in the case study, research in many areas points to a changing, less territorialized concept of citizenship and social identity. While, in most countries, there is still a strong attachment to national identity (which is not always contiguous with state territories and therefore fragmentary), this may also co-exist with interest in and allegiance to a wider, trans-national social attachment (and will be therefore integratory). Increasingly educated and informed individuals are aware of the interdependence of their societies and environments, and, while this can lead to a fear of assimilation through “cultural imperialism”, the perceived benefits (particularly economic) of increased contact may also seem evident and/or inevitable.

Therefore, I promote here the idea that the concept of citizenship/social adherence is increasingly divided, with many nationals evincing allegiance and pride in their specific cultural heritage, and an interest in promoting its preservation, while at the same time, attaching great importance to their active participation in the trans-/inter-national political economy. Citizens also have more mobility - both social and physical - and the importance of “diaspora” populations

in supporting and promoting national interests informally abroad and as official members/employees of international organizations and fora is an important dimension of changing social membership in the “world order”. This theme will be further discussed in relation to Jamaica in Part Two, but it forms an important undercurrent to our discussion here of new regionalism and “glocalization”³².

There has been considerable research re-orienting earlier theory to explain and analyze the changing face of society, in relationship to regional dynamics. We have already touched on the conflicting fragmenting/ integrating actions of globalization, and the influence of technology, on both market and social interactions. We should also consider that recent regional initiatives may reflect not only pressures for individuals and governments to adjust to international processes, but also the obligation of states to respond to demands for development from a “grass-roots” perspective. Therefore, planning and policy-making must also be directed towards sub-regional and local authorities, at the intra-state level, to better manage the complex processes of economic, political and social change. Added to the mix of domestic-regional-international governance, we also have a sub-layer of national-local interests.

The most recent wave of regional organizations has spawned a broadening academic interest in “new” or “open” regionalism as it is practiced at both sub- and

³² The term “glocalization” is used in a number of contexts, usually in reference to the contradictions inherent in a two-way penetration between local and global issues, in which the global arena penetrates local affairs, while at the same time the global is redefined in reference to local circumstances; this term- a blend of “global” and “local”- was first translated to English usage by a sociologist, Roland Robertson, from a Japanese term “dochakuka” referring to the adaptation of global (farming) techniques to local conditions; see also <http://www.d.umn.edu/~cstroupe/ideas/glocalization.html>

supra-state levels. Studies of the European Union, which contains elements of both, provide a particularly extensive body of research to enrich our understanding of regional development. However, though there are a number of common concerns/strategies, the crossover between the two faces of regional studies in other areas is not always exploited. It is one of the goals of this study to tie this aspect of new regionalism more closely to development thinking, in order to re-orient the latter towards a more inclusive approach to processes, one which stresses the ties between “pockets of under-development” in both developed and developing economies, as well as to the interaction of bottom-up/top-down models for development projects. Later chapters will develop this theme more fully. It is, however, worthwhile to note at the earliest opportunity the importance of approaches that consider the full range of interactions that should inform government planning.

Any study of (open) regionalism as a tenet of national development planning should then consider the process from multiple perspectives:

- As a national-regional economic strategy, focused on global competitiveness through improved economies of scale, production networks and marketing strategies
- As part of a national inwardly-focused socio-political strategy that is responsive to growing concerns about stagnating or deteriorating local infrastructures, which are the result of rising costs and falling revenues
- As part of a national-regional re-orientation/defense of socio-cultural norms and values, as a response to “homogenizing” globalization

- As a the focal point for an externally-focused socio-political initiative to transform international processes to be more responsive to diverse economic and social needs

Discussing the CARICOM initiative in relation to the ACP-Cotonou partnership negotiations brings all these aspects into play, in that it considers the national, regional and international aspects of development planning. Thus, it privileges neither the external nor the internal impetus to integration, but rather discusses regionalization within a continuum of interactive processes, as part of an interlocking web of influences that inform economic decisions within the wider process of governance that delimits national governments' options.

The case study will examine the particulars of the Jamaican situation as an example of how this continuum manifests itself in a specific context. However, here we will outline more general approaches to change, structure and agency, suggested by “new regionalism” theory and also proceed to a discussion of the principle of *subsidiarity*, as a suggested approach to link local-regional governance models.

New Regionalism and Change in the International/World Order

There is considerable recent literature to support the depiction of a regionalization as a transformational process. For example, Manuela Spindler³³ approaches “new regionalism” as a seminal force for change within the world order – one that is driven by *agency*.³⁴ Adopting the position that modern regionalism can

³³ M. Spindler: 2002

³⁴ predominantly of international business, in this study

be considered more than ‘new wine in old bottles’, she maintains that the “purpose and content...the underlying logic” of new regionalism reflect the “competing conceptions of the range of actors engaged in regionalism”. Drawing on the work of Karl Polanyi, she visualizes new regionalism (as a world view and discourse) as “a conceptual entry into the problem of world order” and as an important indicator of the transformative power of agency. While her prioritizing of the “marketized *world of competition regions*” does not wholly jibe with the position that this study takes, her approach is an interesting one and adopts a perspective which offers a well-developed argument for regionalization as an agency for change.

H. Hveem also refers to Polanyi’s research, which she notes asserts that: “regional collective action is not only a necessary response, but the only possible international response to globalization.”³⁵ Remarking that the context of globalization processes changed drastically with the end of the Cold War, she draws attention to the resultant reordering of economic and socio-political goals, as well as the differing effects of these processes on transition economies. This author is also interested in examining the transformation of societies as well as markets, and the emergence of new agencies, particularly transnational ones, whose efforts focus more on legitimacy and identity than on efficiency and competitiveness. She bases her argument on the observation that the losers in the globalization process, who associate “deepening social crisis with economic globalization” will certainly play a role in informing the direction of change in international organization and relations. Thus, she concludes, according to the ideational conviction and “bounded

³⁵ H. Hveem in Stubbs and Underhill: 2000. p.70

rationality” of participants, multifaceted regional projects may “represent globalization or attempt to ride on it, to regulate it or to resist it”.³⁶

The WIDER project on New Regionalism³⁷ also emphasizes the role of regionalism in reflecting and/or promoting global transformation. It takes a systemic approach to regions, going beyond the study of region-based trade regimes to consider the multiple dimensions of “regionness”, as well as its dynamics and consequences for world order. In introducing the project’s approach, Hettne notes that there are “many different regionalisms...supported or challenged by many different ideological arguments ” and observes that the “strategy of regionalization...may transform a peripheral geographical region from a passive object...to a subject with the capacity to articulate the interests of the emerging region”. He also draws attention to the importance of the idea of region as part of a larger system of interactions, concluding that “when everything depends on everything else”, perhaps the most productive methodological approach will be based on exploring the options of single states within the overarching structures that determine their orientation.³⁸

Dr. Luk Van Langenhove³⁹ draws on Hettne’s work to address the lack of adequate theory to evaluate and explain regionalism, particularly in relation to the issues of defining “regionhood” and theorizing “actorness” as applied to states and international entities”. The identification of various levels and understanding of the former is an important constituent of any consideration of the study at hand.

³⁶ *ibid* p. 71

³⁷ see Hettne, Inotai and Sunkel: 2001. p.xiiff.

³⁸ *ibid* p.xvi

³⁹ L. Van Langenhove: 2003. CRIS

CARICOM is contiguous with two other important regional organizations: the sub-regional Organisation of Eastern Caribbean States (OECS)⁴⁰ is an important part of CARICOM; the larger region also participates in European programmes (as a region–region development partnership) through the entity of CARIFORUM⁴¹ and the multi-regional African, Caribbean and Pacific (ACP) association of states⁴².

This study will attempt then to extend coverage of the second issue of *actorness*, informed by this outline of the basic characteristics of regionhood. (See Table 1 following) These elements point up a particularly significant aspect of regional studies as related to development planning. New/open regionalism is no longer perceived as primarily a closed or inwardly-focused process; it is rather one that may equally respond to and/or be driven by external as well as internal demand. It may also, as it expands, draw a larger community under its influence. Such regional organization is then an expression of an infinitely expandable concept, which is dependent on social acceptance of the idea of “community” existing on/at multiple levels.

The question then becomes, how do we theorize the *ideal* of regionalism as part of the larger *ideal* of development? The answer that this study proposes is that both are dynamic processes, inextricably linked to the social process of building an

⁴⁰ members: Anguilla; Antigua and Barbuda; British Virgin Islands; Dominica; Grenada; Montserrat; St.Kitts and Nevis; Saint Lucia; St. Vincent and the Grenadines
see: <http://www.oecs.org>

⁴¹ CARICOM plus the Dominican Republic

⁴² see Annex 1 ACP states

international community of states, based on a commitment to world order (as defined by Bull).⁴³.

Table 1

Basic elements of a theory of regionhood:⁴⁴

1. Regionhood is what distinguishes regions from non-regions.
 - 1.1. Every area on Earth can be a region, given suitable historical, economic, cultural and social conditions.
 - 1.2. Every singular place on Earth can belong to different regions simultaneously.

2. There are four basic characteristics of regionhood:
 - 2.1. Regions are a system of intentional acts; i.e. they are self-defining/choosing
 - 2.2. Regions are a 'rational' system with statehood properties;
 - 2.3. Regions are reciprocal achievements of social actors;
 - 2.4. Regions are generators and communicators of meaning and identity to social and personal actors.

3. There are three formal characteristics of regionhood:
 - 3.1. identity
 - 3.2. unity
 - 3.3. delimitation

4. Regionhood is expressed through the regionality of a region:
 - 4.1. Regionality accounts for the many different types of regions that exist.
 - 4.2. A region can acquire regionality at different levels of regionness.

⁴³ see footnote 31 above

⁴⁴ adapted from: Van Langenhove: op. cit. Table 2, p. 35

Hedley Bull does touch on the concept of regionalism in his discussion of international organization, though his work mainly precedes the regional growth dealt with here. He notes that even if regional integration plays a significant role in the management of international affairs, it is unlikely that this will lead to a disappearance of the global states system, or in any significant way “deprive the concept of sovereignty of its utility or viability”, insisting that there are “certain realities which will persist whatever attitude we take to them”.⁴⁵

This is an important observation to the present study, as it underlines the special status of states in the regional process.⁴⁶ Their persistent importance as both the focal point of democracy and as representatives of national identity and culture differentiates states from other levels and actors in the changing profile of governance. This enforces the state’s position as the main actor in domestic development planning and policy, as well as its responsibility to act as a conduit for citizens’ demands for change or continuity globally. Therefore, the modern state government finds itself sandwiched between responding to increasing lifestyle aspirations from within and adjusting to competition from without. The impetus to regional integration is then portrayed as part of the national endeavor to increase capacity to fulfill the often-conflicting demands of domestic electorates and international markets.

Regional organizations – again specifically CARICOM, but potentially also other projects – are examined here primarily in their role as part of an interlocking network of agents for *national development*. However, while the region as a

⁴⁵ Bull: op.cit. p.251ff.

⁴⁶ see also Chapter 3 for an expanded perspective on the role of states in regions and development

development partner is centred on and driven by states, its institutional actors must not represent narrow state interests, but rather the greater common good. States may then use the region to legitimate domestic change and their “adjustor” role vis a vis international requirements. They may also value the region as a coordinator/protector of state priorities in international forums.

Therefore, to efficiently fulfill their developmental role, both regions and the wider network depend on each other as institutions and individuals. For regionalism to support state competencies and aspirations, both entities must be seen to represent recognizable common goals and values, driven by efficient mechanisms and instruments. However, as “just arbiters” in the fair distribution of the cost-benefits of globalization, they can only succeed in identifying and pursuing common goals if they foster and maintain a sense of community and social contract that is based in equality, in a sharing of the costs and benefits of change.⁴⁷

Even though it is transitional, regionalization is a long-term project. Therefore, from a planning point of view, individual states should quickly form clear and realistic expectations of regional bodies, as well as commit to both functional cooperation and financial support. The (re-)design of regional institutions should be a priority for states seeking optimum development outcomes, because they will determine the framework in which change takes place. They must be integrated into national systems (i.e. by inclusion as local election issues; through effective transparency/accountability mechanisms and communication/consultancy forums),

⁴⁷ This observation certainly reflects and gives credence to the “international society” school of thought discussed earlier, and it is my research on the Caribbean process that has encouraged me to pursue this train of argument.

but should not be “hog-tied” by narrow national interests and preoccupations.⁴⁸

Leadership, in all sectors (public and private) will be a critical factor in regional success. The extent to which the region succeeds in increasing formal inter-and intra- regional cooperation, improving production, administrative and negotiating capacity and instruments, will be a central factor in determining the trade and development options of members.

This emphasis on the “enabling climate” that elites/states may provide for development should also consider how various levels of government/governance can effectively participate in regional projects. The concept of *subsidiarity* has been an important one in addressing this issue in the European Community⁴⁹ and may find a wider audience in the context of regional/global governance.

Subsidiarity:

Thomas Stauffer not only notes the importance of subsidiarity to the operation of the European Union, but also provides a comprehensive analysis of the term as both a political philosophy and legal concept. Commenting that the term is “not a completely clarified and unified concept, but rather the semantic interception of several traditions”, he stresses the normative nature of subsidiarity and its relevance to the arrangement of governance, particularly as it relates to protecting the needs and rights of individuals. He explains subsidiarity as a mode of governance which restricts the intervention of higher level authority, to maintain decisional powers as close to the “people” as possible, but which also depends on binding individuals into a “functional society, in which the individual as a social being is heard and

⁴⁸ See Chapter 2: “The National Imperative” and Chapter 4 “CARICOM”

⁴⁹ An outline of the EU position on subsidiarity is available @
<http://www.europarl.eu.int/factsheets/1_2_2_en.htm>

represented on all levels...[and] connected in a significant way to communities in which its freedom is *foremost the right to participate in the community on the basis of equality.*" (my italics)

Subsidiarity, in its legal operation, is not then an argument for the weakening of the state nor for federalism per se, but rather a "normative criterion for evaluation and sanctioning specific outcomes of the political process [in that] it limits the scope of legally accepted outcomes in the distribution powers at different levels of the state."⁵⁰ (Stauffer includes the EU as part of state mechanisms.)

Mark Friesen also promotes this principle with reference to the EU and federated nation-state relations, which he typifies as organized along principles that provide for "both unity and diversity". He ties the practice of subsidiarity to the idea that the state derives a great part of its legitimacy from the extent to which it retains some degree of dependence on its constituent parts, and persists mainly through their continued recognition and affirmation. This flexible organization offers a framework to "accommodate the variety of associations found within societies..." by empowering and recognizing sub-units, as well as legitimizing the federation's authority as "superior to each...individually, but not to the entity they constitute collectively."⁵¹

Subsidiarity is not without its detractors. There are a number of reasons to criticize the implementation of subsidiarity over large jurisdictions, mainly due to its lack of clarity as a legal concept and the "realities" of power/hierarchical practices already in place in national, regional and international systems. While

⁵⁰ T. Stauffer: art 3.2, p.2 <<http://www1.worldbank.org/wbiep/decentralization/Topic03.htm>>

⁵¹ M. Friesen: 2003. p9ff

Stauffer asserts that, despite its “precarious effectiveness”, the resort to subsidiarity as an organizing principle may have a significant positive effect on values and norms,⁵² others see the concept as empty rhetoric, as imperfect in application or even as part of a hidden agenda for power-seeking bureaucracies. For example, Ischii and Lutterbeck note that while the principles of subsidiarity outlined in the EU treaties define procedural rules, their implementation is dependent on “values outside the principles” as well as “process-structure relations” that facilitate their application. They also question the “operationalizing” of the principle through the European Court of Justice, as well as the relevance of the religious/cultural background of the principle in relation to the increasing diversity of the Community.⁵³ Daniel Elazar⁵⁴ too, questions this association, tracing the term through its connection with the Roman Catholic tradition to comment that “subsidiarity implies a prior concession to hierarchy” that would represent a step backwards for most modern citizens.⁵⁵

These commentators have, obviously, varied understandings of the concept or aims of subsidiarity. Such a variety in interpretations of the term might then significantly undermine the success of subsidiarity as an organizing principle. Nevertheless, if adequately defined and understood by its participants,⁵⁶ subsidiarity offers an ideational position that would encourage a developmental climate most suitable to the partnership model discussed here. The term is

⁵² T. Stauffer: op. cit. art.3.4

⁵³ K. Ischii and B. Lutterbeck: <http://ig.cs.tu-berlin.de/bl/031>

⁵⁴ D. Elazar: <http://www.jcpa.org/dje/articles2/eurcomm.htm>; this is an important point in relation to the “partnership model” advanced in the case study

⁵⁵ indeed, he goes on to express a preference for a “confederal” organizing principle, similar to that pursued by the “microstates of the Caribbean”

⁵⁶ I would recommend that a definition similar to that offered by Stauffer would be the most suitable in this context

increasingly in use, and with the previous proviso on common definition/discourse, if advanced as part of a rules-based, dynamic planning process, it may prove the way forward for trade-based development initiatives. In essence, the principle reflects the same normative ideals as democracy, in that it maintains that policies should be controlled by those most affected and must reflect their interests, inasmuch as all have equal input.

This is a principle that has so far been inadequately observed in the trade arena, where exclusionary “green-room” negotiations have dominated - though there is some indication that more democratic values/equal access is increasingly seen as the acceptable norm for trade regulation bodies. As pointed out by Coglianese and Nicholaides,⁵⁷ “free trade” places national governments in the same position vis a vis the WTO as individual states may face in a federal or supranational association. Indeed, shifts in power/authority allocations may be more important in the international trade situation, as the partners in a multilateral agreement probably have less in common (culturally, politically or economically) than those in a geopolitical association. This draws particular attention to the role that trade and development models play in delimiting the options available to address the diverse challenges of national development. If states cannot have a direct and equal influence in defining the rules that affect their behaviour, development risks becoming an empty concept, sidelined by power politics and economic “realities”.

⁵⁷ C. Coglianese and K. Nicholaides: <http://www.ksg.harvard.edu/prg/cary/subsid.htm>

Conclusion

To sum up the previous sections: this thesis bases its analysis of regionalism and development in the Caribbean on the assumptions of the previously mentioned treatments of the “new regionalism” projects, particularly in developing areas, which portray regionalism/regionalization as:

- Transforming: of internal and external mechanisms/institutions/values
- Reflecting an appreciation of/ willing participation in global interactions
- Emanating from below/within as much as from without
- Involving multiple agency/actors in “open” organizations, to cope with common issues

In their medial role between national and international levels, the developmental goal of regional institutions is to:

- adjust and arbitrate competing demands for local and global “commons”;
- maximize welfare through adjusting and coordinating the interaction of external and internal institutions and instruments for development;
- mediate and regulate cooperation and dispute procedures both above and below the regional body *

From a development partnership perspective this type of “open” regionalism does not exist in its own right (i.e. as a nascent super-state) but rather as a “mediating institution”- a transformational mechanism to adjust domestic practice to international and vice versa. To fulfill this long-term objective, open regions should remain flexible in membership, alliances, and accessible to input from all actors and agencies. Regions will play then an integral role in promoting the

* these are also the ideals/strategies that underpin “strategic regionalism” as discussed in part 2: Chapter 5-6

evolution of both international and world order, as both an agent and regulator of change.

As a final observation, it should be reiterated that theory on “new” regionalism also crops up in contexts other than inter-state agreements. Diverse disciplines, such as management/business, economic geography and environmental studies also produce considerable research on strategic planning, including the importance of networking, clusters, technological innovation and resource allocation/capacity-building. Though of less relevance to a general discussion of regional integration schemes, such sectoral studies expand considerably our understanding of the development potential of spatial cooperation and offer policy prescriptions that can be of significant use to N-S / inter-state processes as well.

The following chapters in Part One will link the more general theoretical work done here on regionalism with the wider body of research pursued in the fields of public sector economics, international relations, development studies and international political economy. In Part Two, these will in turn be considered along with practice-oriented case studies from management and production research, to analyze and evaluate the recent evolution of CARICOM, in the context of its ability to facilitate the development goals of Jamaica, as an open and vulnerable member of the global community and economy.

Chapter 2:

National Planning for Development: States and Markets

National development planning has followed a number of “models” over the years, particularly focusing on the desirable relationship between governments and markets.

While the remainder of the dissertation is focused on the socio- political aspect of regionalism in the Caribbean-EU partnership, it is important here to establish the “knowledge base” for development planning, which has had a mainly economic bias.

The state is generally seen as having three possible roles in the economy:

- *financing the provision of public goods (through taxation or borrowing)*
- *production of goods through state enterprises*
- *regulating and encouraging economic activities*

In performing these functions, governments must consider the optimum level of welfare and efficiency, through both normative judgments and empirical analyses of various policy instruments and levels of intervention. The ideological underpinnings of such decisions are an important determinant of the variables chosen and, therefore, also the policy recommendations of researchers and policy advisors. This chapter will review the significant body of economics research concerning the role of governments in promoting trade, particularly openness and export promotion, as an engine of growth and development. It will also offer a synopsis of empirical evidence on the complex interactions between government expenditure, exports, growth and development.

Finally, it will examine the concept of partnership in relation to national planning, international trade and development relations, outlining a cross-section of case studies pertaining to diverse issues such as donor policy, privatization, infrastructure improvements and regulatory instruments, as examples of various strategies to improve development outcomes.

Public Sector Economics

Public sector economics (PSE) provides a conceptual framework for examining the rationale for government intervention in market economies. In the neoclassical tradition, the framework is based on a number of restrictive assumptions, which pertain to the functioning of markets in a no-government economy. The starting point for analysis is under *Pareto Optimality*: a state of optimal resource allocation, based on assumptions of perfect information and perfect competition, in “ideal markets” with no externalities- conditions which are seldom realized in world markets. On this premise, public sector economics then attempts to frame a theory of public policy in imperfect economies.

Government intervention is encouraged by *imperfect competition* and *market failure* [see Table 1.1] due to the non-realization of efficiency, as indicated by the $P=MC^1$ rule.

Table 2.1: Reasons for Market Failure*

<ul style="list-style-type: none">• Markets may be monopolized/oligopolistic.
<ul style="list-style-type: none">• There may be externalities and/or Increasing returns to scale.
<ul style="list-style-type: none">• Some markets (i.e. insurance, futures) cannot be perfect Or are nonexistent.
<ul style="list-style-type: none">• -markets may be slow to adjust or imprecisely adjusted because of delays in information dissemination or inflexible marketing institutions.
<ul style="list-style-type: none">• Individuals or enterprises may adjust slowly/be poorly informed.
<ul style="list-style-type: none">• Individuals may not act so as to maximize anything, implicitly or explicitly.
<ul style="list-style-type: none">• Government taxation is unavoidable and not always able or willing to be efficient.

¹ Price= Marginal Cost

* adapted from Stern: 1999. p.616

This state of dis-equilibrium is characterized by imperfect information and incomplete markets, resulting in shortages, surpluses, unemployment and/or capital scarcities. Using empirical studies of the various factors and options open to government intervention, PSE assesses the influence of different instruments. In the case of trade, for example, it examines how government expenditures, through structuring incentives, such as subsidies or price controls, may be applied to alter market signals and encourage desired behavior. Disincentives, such as tariffs, levies or taxes may also serve similar ends. In addition to such attempts to correct inefficient allocation of resources, governments may also intervene in markets to achieve social aims, on the basis that it is desirable to replace a the “invisible hand” of the market with a political process that ensures citizens’ welfare. The provision of *public goods* is an important goal for public sector, as is the regulation of “moral hazards” which may lead to economic inefficiencies. *Public goods* may be “pure” – that is with relatively little rivalry to provision by the private sector (i.e. defense) or “mixed/meritorious”, in that they are essential to the well-being of the individual and the development of the state (i.e. education, health) and are thus worth financing from the public coffers.²

In many instances, the same reasoning leads to re-distributive and regulatory mechanisms (social “safety nets” assured by income allocation and distribution, or stabilization measures) being underwritten by public funds. Some governments may also participate directly in production, through state enterprises. These may provide public services, such as water, electricity or education, or may compete

² See: Bator in Sahni: 1972. p.67ff.; Howard: 2000. p.10ff.

with the private sector in producing or processing other goods (i.e. nationalized automotive or mining concerns).

The Public Sector and Development Planning

This section will discuss the third possible role for governments- “regulating and encouraging economic activities”- with a goal of establishing trade and production policies that could enhance a “developmental” climate. In many recent initiatives, international trade and market integration is promoted as the primary engine of economic growth and development for the Third World. For developing countries, trade policy will thus impact significantly on development planning. Efficient outcomes are only assured if the links can be determined between export growth and development, as related to public sectors’ efficacious involvement in markets and trade promotion. To this end, the following will outline theory on trade, development and public sector economics, as well as empirical studies of export-growth linkages, concluding with a brief evaluation of strategies for developing countries (DC) in an era of globalization and neoliberal market integration.

There are a number of reasons for concentrating here on public sector policy for “Third World” development. Most importantly, while market failure and government intervention occurs in both developed and developing countries, the effect of and solutions to the problems involved are usually more acute in less-developed countries (LDCs). Over the years, approaches to growth and development planning have shifted from a primarily “economic” through a “socio-

economic” focus to the “human” or people-centred model, which is now most popular. Nonetheless, identifying the ideal combination of the “invisible hand” of the market and the “long arm of the state”³ to optimize benefit from international trade relations remains a daunting task.

The choice of trade strategy and orientation in general is also particularly challenging for a number of related reasons: firstly, because of contradictory studies on trade-growth linkages, as well as differing views on the way in which market orientation affects trade performance. Most pertinent to this paper, there are also conflicting views on the appropriate level of government manipulation of market mechanisms to most efficiently adjust for domestic growth and development.

The second “Human Development Report” (1991),⁴ which focuses on the role of the public sector in human development, stresses the “synergy between public and private sectors” in providing both the tools and climates conducive to development. However, it also notes the lack of financing for development in DCs due to “wasted resources, wasted opportunities...inefficient public enterprises...extensive corruption [and] entrenched power structures”. Both this report and its predecessor (1990) stress the importance of governments’ role in managing outcomes through effective public policy (including employment creation and financial stability measures) and well-designed programmes, aimed at encouraging growth and welfare, as well as protecting the most vulnerable sectors of society. From this point of view, ideal government involvement in the economy

³ Lim: 1996. p.32

⁴ UNDP 1991 <http://www.undp.org/hdro/hdrs/1991/english/91.html>

ensures the provision of the “meso-policy” initiatives, which link micro-/macro-levels and provide an attractive climate for production, investment and development.

The Public Sector's Role in Promoting Trade as an Engine of Growth

Chapter 3 of the '91 report lists the following as desirable state functions:

- allow markets to work properly- through finding the optimal level of regulation to encourage competition without stifling small enterprise
- correct for failures of the market- discourage undesirable activities (pollution, traffic congestion); encourage positive activities (public transport) through subsidies
- create physical infrastructure- ensure improvement/maintenance of roads, telecommunications etc. while promoting private investment in these sectors where it would be more efficient
- support important public goods- law and order, defense etc.
- ensure people are at center of development- through investment in formation of capabilities, creative potential and social security arrangements.⁵

Both the '90 and '91 reports examine the ways in which governments can, even with restricted resources, maximize the benefit of policy initiatives through effective planning, using public and private delivery systems. Both note the importance of prioritizing social goals to optimize the impact of spending, stressing the diverse ways states can achieve growth through efficient allocation of resources. The use of operational tools, such as a “human expenditure ratio” (HER), is also promoted for the evaluation and monitoring of public expenditure. The HER is the product of three other ratios: public expenditure as a proportion of national income (public expenditure ratio); proportion of public expenditure going to social sector (social allocation ratio); and the proportion of expenditures to

⁵ Human Development Report: 1991. *ibid.*

human development priorities (the social priority ratio). Using statistics collected across a broad sector of developing countries, such measurements can determine which have used funds effectively to maximize welfare.

However, despite numerous versions of similar advice and programmes, many of the countries targeted remain “under-developed”, with weak or inefficient institutions and/or a low level of GNP, coupled with a poor record of compliance with fiscal revenue provisions. Indeed, if the programmes prescribed by donors and lending institutions fulfilled their promises for growth, there would be no need to inquire (as Easterlin did in 1981)- “Why isn’t the whole world developed?”⁶ - Instead, the “human development index” in a number of developing states’ (particularly African) continues to fall, with 325 million children out of school, 854 million adults illiterate and 1.2 billion people live on less than \$1 a day. Even in OECD countries 130 million people live in poverty (with incomes of less than 50% of median income) and 8 million people are undernourished.⁷ Development agencies now often ascribe countries’ disappointing levels of development and/or equity to *failures in governance*, as opposed to pure market failure,⁸ and new models are proposed to correct deficiencies in both human and financial resources.⁹

National Planning Constraints

It certainly is increasingly difficult for DCs to consistently provide the stability and continuity of policy climates necessary for investor confidence, for both external and internal reasons. - Internally, there is often a high level of “rent-

⁶ quoted in Kenny: 2001. p.3

⁷ HDR 2001 Chapt.1, p.9 (online)

⁸ e.g. see: Guillaumont et al: 1999. p.51f.

⁹ see also: Barro and Slemrod below

seeking” by powerful, local elites, as well as an inordinate level of influence from transnational corporations, who may undermine national competencies through locational competition and “footloose” production, as well as transfer pricing and investment practices. In addition, reliable social and economic data collection in many DCs remains spotty and accountability is often negligible, complicating both empirical research and timely responses to market changes.

In their external relationships, these countries are also generally takers, rather than makers, of policy. They are mainly quite open economies, increasingly dependent on imports of essential goods (whose prices are externally determined), as well as on foreign exchange income from exports of non-diversified (mainly commodity-based) local goods and production, for which international demand is quite volatile. Many are also geographically and climatically vulnerable, because of their size, location and/or susceptibility to natural disaster (such as drought and hurricane). Given their precarious financial situations, often exacerbated by the demands of international debt servicing, they are particularly susceptible to external shocks.

Thus, both internal and external factors militate against developing states’ independent capacity to easily address both market imperfections and social goals. As a result, governments and institutions will need to carefully coordinate international, as well as national development initiatives in both human and economic spheres to realize more equitable outcomes for economic and development programmes.

The following section establishes in more detail some of the arguments for state planning in developing countries, in relation to the concept of the optimum public sector involvement in economic growth, as a leading factor for development.

The growth of government in the post-war years is often considered “one of the most dramatic changes in the structure of industrialized countries”.¹⁰ A number of researchers have attempted to evaluate the links between the rate of economic growth and the size of the public sector; many of these originate from testing of Wagner’s basic investigations, which resulted in a “law” suggesting that state activity and expenditure increased proportionately to economic output.¹¹ Early development theorists pointed to *market failure* as the prime reason for comprehensive planning and while theory has moved on to consider the possibilities of *government failure* as well, the onus is on government to judge how and when to intervene most effectively to protect its citizen’s interests. Therefore, as DCs increasingly reorient production and open markets, the effect of government expenditure on economic growth is an important area of concern for them.

Empirical Studies:

However, the relationship between government expenditure and market growth has not been easily illustrated by empirical case studies. Early work based on cross-sectional regression analysis has been criticized for “serious drawbacks” including “misleading” statistics, as well as lack of attention to “systematic theory” and

¹⁰ Slemrod: 1995. p.12

¹¹ see Peacock and Wiseman in Sahni:1972. p.167ff.

“sociopolitical variables”.¹² Even as economic techniques become more sophisticated, many studies continue to struggle with the relationship and still draw critiques on the shortcomings of econometrics in accurately assessing the both direction of causality and the real benefits of government expenditure.

Recent empirical research examining the relationship between public expenditure and growth continues to give mixed results. Trish Kelly’s (1997) * study of 73 OECD/non-OECD countries, from 1970-1989, found a “non-robust relationship between expenditure and growth”, commenting on the complex relationship between the two and suggesting that public expenditure may well be the “outcome” of growth (which could add support to Wagner’s law). Diamond (1965)*, Landau (1986)*, Senjur (1996)* and Grossman (1990)* all find for a negative relationship between public expenditure and growth too, while Ram’s study of 115 countries between 1960-1980 indicates a positive relationship. Agell et al (1997) * argue that empirical and theoretical evidence does not allow any firm conclusions on the relationship between growth rates and public sector expenditure. Folster and Henrekson (1998), on the other hand, criticize this last study, as well as number of others, on the basis that they suffer from methodological deficiencies, including an insufficient consideration of the importance of the mixed variety of countries and time frames chosen. Having rerun a number of regression analyses, they conclude that “a tendency to manifest more support for a robust negative growth effect for large public expenditures among rich countries” particularly argues for further study before committing to policy approaches based on such

¹² Howard: 2001. p.64

* see bibliography

research. These two authors also refer to Slemrod's reservation about the suitability of cross-sectional studies including developing countries, noting that the peculiar conditions of LDCs (where public expenditure may form a larger share of total input and data deficiencies may complicate valuation of government output), may skew results overall.¹³ Slemrod, in a report for the respected Brookings Institute, notes too that "approaches are fraught with difficulty" and that "persuasive evidence is hard to find".¹⁴

Governments must then choose between such contradictory evidence to design policies for development. Several authors have attempted to synthesize various "models" for policy-making, in order to help governments evaluate difficult planning choices.

National Policy Orientation: Finding the "right mix"

In his book "Markets or Governments", Wolf¹⁵ attempts to evaluate non-market and market regulation of economic activity, noting that an "interesting asymmetry exists" in the theory underpinning assessments of each alternative. On the one hand, pro-government arguments can depend on a wide selection of competitive market and welfare economic/*market failure* theory, both supported by empirical studies. Anti-government theses, on the other, cannot draw on a similar body of evidence delineating *government failure*. He therefore sets out to move beyond public choice theory, to examine the possibility of facilitating "the cardinal economic choice", which he defines as "the degree to which markets or

¹³ Folster and Henrekson: 1998, p.19 f.

¹⁴ Slemrod: op. cit. p.12

¹⁵ Wolf: 1994. p. 4ff

governments – each with their respective flaws – should determine the allocation, use and distribution of resources in the economy”.¹⁶ This noted author concludes that the choice between markets and governments is neither pure nor binary, but rather complex, with both alternatives having a role to play, and the choice between them being rather one of “emphasis or degree”. Refusing to completely commit to one or the other, he does comment that “extremes” of non-market choices (i.e. USSR and North Korea) seem to offer very little evidence for high levels of *dirigisme*.¹⁷

There are several other recent papers which support many of Wolf’s comments, including Slemrod’s, which notes that our understanding of the links between public and private sector activity remain “unsatisfactory”, and supports the premise that governments policies towards openness in particular can have repercussions far beyond direct effects on trade volumes, by affecting not only the competitiveness of markets, but also the costs and benefits of government policy.¹⁸

Public Expenditure:

A noted author comments that the if prescriptions for Third World problems are to “advance beyond the stage of anecdote, hunch and opinion, growth and development must be placed in an analytical framework so that hypotheses can be advanced subject to the possibility of testing.”¹⁹ As discussed above, Wagner, and his successors have attempted to explain the variables of government expenditure,

¹⁶ *ibid* p.7

¹⁷ Stern: *op. cit.* p. 187

¹⁸ Slemrod *op.cit.*p.14; see also Rodrik: 1999, p.62ff.

¹⁹ Thirlwall 1994. quoted in Lim: 1996. p. 48

linking it to levels of development, revenue etc., but the general conclusion of modern economists is that public expenditure is determined by a myriad of economic and non-economic factors.²⁰ The role of economic theory then is “not to catalogue the obvious, but to help sort out the effects that are crucial, quantitatively, from those that can be set aside.”²¹ In combination with public sector analyses, trade and development theories can both help to address the policy needs of DC governments, in continuing to adapt econometric growth studies to obtain a clearer understanding of how to take advantage of state-market synergies to “grow” developing economies.

International Trade, Openness and Development

While many trade agreements in the post-war years “bought into” import substitution/ protectionist/ preferential treatment paradigms, experiences in the interim have led to a general rejection of inward-oriented economies. Neoliberalism predominates in modern trade forums and there has been an unprecedented opening of developing countries’ markets to both imports and export-oriented production. This vigorous interest in the benefits of open markets has led to a consolidation of international trade organization and regulation, through the GATT and the WTO, as well as an increased interest in the contribution trade can make to global development.

²⁰ Howard: 2001. p.73

²¹ Lucas: 2002. p.30.

Direct foreign aid to DCs has greatly diminished in recent years²², exacerbating already difficult circumstances, but a number of donors and institutions have now ear-marked capacity-building funds to help developing countries to address infrastructural inefficiencies and weaknesses. Many of these funds are “tied” to concessionary grants/loans or included in trade agreements, which attach conditionalities, both economic and political, to trade provisions (i.e. the Cotonou Partnership Agreement²³) - including, most importantly, demands for government accountability, efficiency and integration into the global economy. These conditionalities are linked to international trade/aid relations and depicted as necessary prerequisites to successful development partnerships. As numerous multilateral trade negotiations are progressing simultaneously, both globally (such as the WTO Doha Round) and regionally (FTAA, EU-ACP Partnership Agreement), it is particularly important for developing nations and their trading “partners” to evaluate the linkages between trade orientation, exports and growth, especially as they relate to international goals of poverty alleviation, welfare and equity between and within nations at various levels of development.

International Trade as an “engine of growth”:

The predominance of internationally-led stabilization and structural adjustment programmes, instituted by the major lending institutions during the Eighties,

²² many donors have cut aid budgets due to a perception that funds were poorly allocated or subject to being captured by elites or corrupt governments; thus “aid fatigue” may be portrayed as the result of “government failure”

²³ see case study, Part Two: ACP-EU Partnership Agreement, signed in Cotonou , June2000; successor to the Lome Conventions regulating trade between the European Union and African-Caribbean-Pacific group of 72 countries. Negotiations of specific trade arrangements began in Sept.2002.

greatly advanced the rejection of protectionist development models and actively encouraged the adoption of *export promotion* models in most developing economies (which presumes some manipulation of market forces). This impacts significantly on the type of instruments and mechanisms available to governments for regulating national economies. As Stern notes: "...a major concern in development economics has been the analysis, creation and enhancement of techniques which can be used to guide the government in its policy process."²⁴ Many economists have judged the potential gains from trade in imperfect competitive markets to be "substantial and widespread", though perhaps less so for developing than developed countries.²⁵ Much new trade theory has focused on the importance of market imperfections, stemming from imperfect competition in international trade, giving rise to repeated recommendations for *free trade*, with a limited degree of government intervention in markets. A large range of literature has also arisen from concerns about factors such as economies of scale, competitive advantage, product differentiation and price discrimination.

The theoretical links between economic growth and international trade have been the focus of a large body of work, from classical scholars such as Smith and Ricardo, through more recent researchers and policy makers. Orthodox neo-classical theory promotes trade as an *engine of growth*, arguing that exposure to world markets encourages a more efficient allocation of resources. International trade also allows countries to obtain a maximum benefit by making available goods in which they do not have *comparative advantage*, lowering the *opportunity cost* of

²⁴ Stern: 1989. p.645

²⁵ David Greenaway: 1991. in Balasubramanyam and Lall, p.170

such goods. By specializing in the production of the goods for which they have comparative advantage, each participant in trade can realize *economies of scale* (therefore reducing marginal production costs) and *vent surplus* production through export channels. Thus, the consumption position of each participant may lie outside its local production possibility boundary.

In addition to such static gains, dynamic gains from the advantages of specialization as a result of trade can be considerable, increasing efficiency, improving technology/learning by doing, and encouraging competition, all of which should provide positive welfare effects. Increased productivity in export sectors and the rise in national income that should follow can also spread benefit in the rest of the economy. When/if the rise in income/GDP then leads to increased savings and productive investment, this can be characterized as *export-led growth*.

However, some schools of thought have disagreed with this view of trade as growth-enhancing. Structuralists (i.e. dependencia, world-systems paradigms) argue instead that trade may be more accurately depicted as a “source of impoverishment”, since widespread market failure is endemic in the international system and can only be addressed by closing markets to outside influences.²⁶ (Hence inward-looking economies, based on models of import substitution and “delinking”.)

Nevertheless, despite some continuing concerns about the “universal truth” of trade-growth linkages, neo-classical principles have come to dominate and international trade has increased dramatically over the last three decades, driven by an almost universal acceptance (if not wholehearted endorsement) of the benefits of

²⁶ Milner: in Greenaway: 1998. p.68ff.

liberalized markets. Empirical research examining the links between public policy, market orientation, exports and growth must then have immediate relevance to the future direction of development models, for both developed and developing countries.

Frankel and Romer, in their investigation of the impact of trade on standards of living remark on the ongoing interest of economists in the links between trade and income, concluding that “trade raises income” and underlining “the importance of trade and trade-promoting policies”.²⁷ Indeed, as Lucas notes: “the most spectacular growth successes of the post-war years have been associated with international trade”.²⁸ A number of experts have also argued that the best way for DCs caught in debt/development crises is to “grow out of it” by rapidly embracing market-oriented reforms and liberalization.²⁹ The 1987 World Development Report strongly recommended an outward orientation for developing economies, classifying 41 DCs on a sliding scale of openness (from “strongly-outward-oriented” to “strongly inward-oriented”) and suggesting a robust correlation between outward-orientation and growth.³⁰

As a result of the enthusiastic adoption of this viewpoint by the majority of donor agencies, *export promotion* has become a major component of many developing countries’ development initiatives. The incentive for such a policy orientation is mainly external and its success depends on a “constant and deliberate

²⁷ Frankel and Romer: 1999. p. 394

²⁸ Lucas: 2002. P.7

²⁹ Edwards: 1992. p.31

³⁰ World Bank: World Development report, 1987

attention to industrial and trade happenings outside the country”, as well as on the ability of governments to provide adequate direct and indirect subsidies/incentives for local production to become competitive on an international scale.³¹ It also assumes an understanding of the appropriate timing and focus of government intervention- an understanding that is made notoriously difficult by the lack of concrete information on crucial factors and interdependencies. Certainly many ascribe the present problems in developing countries to a combination of external environments and policy choices made by the countries themselves, while maintaining that trade may be a crucial element of growth and export-led strategy an important tool for trade policy, though not the only alternative available.³²

There are a number of factors complicating any state’s choice of policy mix. Thorn remarked in the mid-Sixties that the mutual interdependence of social and economic change is “nowhere... more apparent than when one attempts to analyse the role of the public sector in economic development.”³³ As North and Howard note, development is a normative concept and there is a crucial interdependence between the dynamics of economic change and the role of *governance* in defining the desired consequences for economic development initiatives.³⁴ It is important then to examine the various strategies that governments may adopt to promote effective trade relations based on development goals.

This section will concentrate on the specific instruments of export promotion to outline policy measures for promoting trade expansion. As mentioned

³¹ Keesing: 1967. p.277

³² Adelman: 1984. p.938ff.

³³ Thorn in Sahni: 1972. p. 188.

³⁴ North: 1992. p.5; Howard :1992. p.5

previously, trade and production strategies are influenced by differing perspectives on trade and growth causality, and concerns about the importance of trade orientation-performance linkages, as well as conflicting attitudes to the desirable level of governments' intervention in markets. (It is important to note here the distinction between the concept of *export-led growth*, -which is certainly influenced by government actions, but largely dependent on external demand, - and the following, incentives-based Export Promotion strategy, which is related, but employs a different basket of instruments and empirical evidence.)³⁵

Government export promotion is typified by public policy measures that “actually or potentially enhance exporting activity at the company, industry or national level”.³⁶ *Export promoting (EP) strategy* is deemed dominant in countries where the effective exchange rate for exports is equal to that for imports ($EER_x = EER_m$). Bhagwati notes that the academic preference for defining a bias-free, trade-neutral strategy as “export-promoting” is the result of empirical evidence that “successful outward-oriented developers were in fact closer to neutrality than to substantial positive bias in favour of exports”. However, he also remarks that policy makers may not always adhere to this protocol, referring to both neutrality and positive bias strategies as export promoting or outward oriented.³⁷ This measurement of overall trade stats. does not necessarily preclude all protective measures or instruments. Indeed, many countries that are quite outwardly oriented may have sectors where the above equation does not hold. Despite the fact that *laissez-faire* policy should result in optimum neutrality, EP may also entail a

³⁵ Bhagwati: 1990. p. 20.

³⁶ Seringhaus and Rossen: 1990. p.3

³⁷ Bhagwati in Milner: 1990. p.18

significant level of government activity in economic sectors. Indeed, the “demonstration” and “signaling” effects of pro-export government interventions may be an important determinant of the success of EP strategy.³⁸

There are a number of policy instruments available to impact on export activity, from either the supply or demand side, which can be directly or indirectly related to export activity. (See Table 2.2- adapted from Milner 1990)

***Table 2.2: Examples of Export Promotion Incentives**

- A. Input-Related Incentives:
 - Tariff and Tax Exemptions
 - Rebates for Exporters/domestic suppliers
 - Import Credits for exports
 - Reduced prices of public utilities
 - accelerated depreciation
 - reduced interest loans
 - preferential access to investment loans

- B. Out-put Related Incentives
 - Production loans for exporters
 - Tax exemptions/rebates (direct and indirect)
 - Import entitlement/licenses linked to exports
 - Export credits
 - Preferential access to foreign exchange loans
 - Direct export subsidies
 - Infrastructure provisions
 - Credit for/government provision of marketing, R&D expenses etc.

- C. Externally Related Incentives:
 - Export quality inspection
 - Monopoly rights in new export markets

³⁸ *ibid* p.19f.

Barriers to export production may be motivational, and/or information- or resource-based, so governments must assess the specifics of targeted industries/sectors, and adjust the mix of above measures accordingly. Outward orientation/export promotion can be accomplished through negative (i.e. removal of barriers to trade) and/or positive (i.e. production subsidies) measures. There are also different business/ideological climates, which will determine the level of state involvement in “operationalisation” of the chosen policy programmes. These may include delivery approaches carried out solely by either public or private sector organizations or through a mix of the two, depending on the level of government intervention desired.

The optimal policy prescription for any given country or time is open to discussion. Specific policy measures must also be finely tuned to have the desired effect and a number of researchers have identified pitfalls for poorly designed or manipulated initiatives. For example, Bhagwati has demonstrated the potential for *immiserating growth*,³⁹ when a country's export growth grows beyond the market's capacity to absorb production. As world demand for the product is relatively inelastic, the world price will drop substantially, as will the country's terms of trade and welfare level. *Dutch disease*⁴⁰ -where a knock-on effect from a booming resource sector negatively affects the whole economy- is also a risk. Such failures, though relatively rare, may result from poorly targeted export subsidies or from generally inadequate or inflexible industrial development/economic planning.

³⁹ see Gemmell 1987. p. 16f.

⁴⁰ see Husted and Melvin: 1997. p.301

Export promotion, as part of a strategic trade policy aimed at strengthening local production, may also often be used as essentially a *rent-shifting device*, where subsidies may be seen as replacing domestic cost-reducing innovations and employed to undercut and drive out foreign competition.⁴¹ It is suggested that funding is best targeted on sectors identified as having: a) hi-value added per worker, b) strong linkages with other industries and/or “trickle-down” to local economy c) future growth potential; d) high attraction for foreign investment. Targeted industrialization measures are then aimed at encouraging domestic (rather than 3rd country) investment in export –oriented production in the industrialized manufactures sector, with a view to maximizing returns within the local economy. In this scenario, domestic firms gain in two ways:

- lower production cost increases firm’s profit margins
- increased economies of scale improves market position and drives out competition

Within the country’s larger economy, *spillover* results in a *transfer effect* where the cost of the subsidy is offset by a general decrease in domestic prices, as well as a *strategic effect*, where profits rise by more than the cost of the subsidy. (In the end, Fine suggests, the protective measures of such “new trade theory” are “little more than old infant industry arguments extended to a broader canvas”).⁴²

However, the success of exports programmes, (whether aimed at driving out foreign competition or just promoting export production in general) is dependent on “picking winners”- forecasting accurately which sectors will offer the highest return on subsidized investment. In essence, such a forecast would require planners

⁴¹ Sharma and Christie: 1993. para.1.1

⁴² Fine: 2000. P.258

to have better knowledge than that derived merely from an observation of market action- a situation that rarely continues in the long run. Such mechanisms also depend on the government being able to provide a sufficient level of funding and a stable, attractive climate for investors (an unrealistic scenario for most LDCs).

Export promotion in developed countries is generally sophisticated and comprehensive, with varying measures of public and private sector input and coordination in commercial policy. There is a widespread commitment to encouraging trade initiatives, in the interests of maintaining or preferably increasing competitiveness of local sectors, and improving terms of trade. It is generally accepted that government involvement, while critical in some instances should avoid any attempt to replace private initiative and resources.⁴³ The “North’s” success in developing and maintaining export markets seems to indicate a relatively committed approach to flexible and dynamic use of multiple instruments, mainly within the parameters of GATT and WTO regulations (though challenges to domestic subsidies in key industries are becoming more frequent, as openness progresses).

Many developing countries have had less success in applying effective export promotion strategies, particularly with regard to export diversification. Though absolute levels of trade have increased more rapidly and exports of manufactures have replaced primary products from DCs overall, much of the success has been concentrated in a few countries and/or sectors, with the majority lagging or losing ground. The World Bank has published a number of studies,⁴⁴ which indicate that

⁴³ Seringhouse and Rossen: 1991. p.64

⁴⁴ e.g., World Development Report 1987. p.83-3

government policies (particularly overall economic orientation) have played a key role in determining trade and development performance. Developing economies, however, face a number of serious external and internal challenges in achieving positive terms of trade (as cited above and below). This often results in poorly conceived or administered programmes for export promotion, and a low level of investor confidence. Smaller domestic populations and low skills or educational levels are often deterrents to attracting investment, both foreign and local, in production facilities that produce high value-added goods that can contribute significantly to the local economy. Therefore, many DC's have been unable to effectively diversify and "grow" their export sectors, because of domestic inefficiencies.

As a consequence, many developing countries have been drawn to depend on protected export processing zones (EPZs) to attract industry aimed at foreign markets. EPZ's, also called "free economic or duty free zones", are defined as protected areas, outside the customs territory of a country, where goods are produced, stored, and exported, without payment of customs duties and taxes. Although these zones are not new, having existed in Europe since the last century, their growth in developing countries is relatively recent and impressive. From 1970-1984, the number of EPZ's in developing states increased from 7 to over 100.⁴⁵

Firms are usually offered major incentives, including tax holidays, exemption from local labour or wage regulations and/or direct financial grants or subsidies, to establish in a given territory. EPZs often comprise a significant part of DC's policy

⁴⁵ Greenaway: 1988. p.157.

for trade and growth, as they can help in increasing levels of employment, and bring in new technology and foreign exchange from export industries. However, as Greenaway notes, a number of studies have shown that such zones seldom establish significant linkages or trickle down to national economies, and are a “second-best” option for export promotion.⁴⁶ The gains conferred by increased employment are largely cancelled out by subsidies and the type of industry established is mainly lo-tech and “footloose”, transferring locations frequently and exporting not only goods, but profit. As a result, EPZ’s have proved a real disappointment and drain on development.

External factors also continue to hamper the development of healthy trade balances in the South. The trade and export promotion strategies of industrialized countries have proved detrimental to many states’ efforts to increase exports. Heavily subsidized sectors, such as agriculture or textiles have limited DC exports in some of the products in which they enjoy the most competitive advantage. In addition, in many other sectors, DCs have not been successful in accessing modern technology or capital goods, to make local production more efficient and profitable. It should be noted here that, despite an ostensible commitment to free trade, it has been estimated that 30-50% of total world trade is subject to quantitative restrictions.⁴⁷ A World Bank Report notes that though average “Most Favoured Nation” (MFN) tariffs in the “Quad” (Japan, EU, Canada and the US) have fallen to about 5%, tariffs of up to three times the MFN amount are common (and some commodity tariffs are as high as 100%). Present barriers have a disproportionate

⁴⁶ *ibid* p.164

⁴⁷ Tamlir 1985, cited in Stern: 1989. p.637

effects on developing countries, as they affect many of the products they wish to export; if full tariff and quota-free access in peak-tariff products were put in place for LDCs, exports from least-developed countries would jump by 30-60%, bringing in up to \$2.5 billion in export revenue.⁴⁸

There is a growing conviction, that in the interests of preserving peace and alleviating suffering in LDC's, richer countries should decrease sectoral subsidies and offer improved access for Southern products (especially textiles and agri-products, which have been heavily affected by Non-Tariff Barriers (NTB's) and trade protocols). It remains to be seen whether developed countries will "put their money where their mouth is" on this issue.

Export-led Growth: empirical studies

This brings us to a consideration of the empirical relationship between exports and growth, as it is demonstrated in a number of studies. To operate efficiently, governments must have sufficient revenue to attract well-qualified employees, to plan effective programmes and to support infrastructures and provide public goods (such as the rule of law, education and training and health services) that will feed back positively into human and economic development. Trade is frequently depicted as playing a pivotal role in improving direct and indirect income to countries, through the provision of foreign exchange (from exports) for debt servicing and import provisions, as well as increased tax revenue (from increased production and incomes) for the underwriting of infrastructures. The causal

⁴⁸ World Bank Research Paper No.2604: May 2001 <http://econ.worldbank.org/files/2196_wps2604.pdf>

direction of trade/growth linkages forms the vital underpinnings for such beneficial effects.

However, there is continuing controversy over the precise relationship between the targeted variables, stemming from differing definitions within and between paradigms, as well as from disciplinary disagreements on the crucial variables to be considered.⁴⁹ Studies also suffer from both basic operational difficulties and/or a lack of common focal variables, just as discussed above in public expenditure-growth studies. While one author may concentrate on trade/growth linkages, without considering the reasons behind changes over time, others may be more interested in the effect of other variables, such as government policy/market orientation. The quality and quantity of data analyzed, as well as the ideological bias and /or research technique used may also skew the results and prohibit any effective comparison between many individual research projects. As a result, often contradictory conclusions are reached by researchers examining the same country and time period.⁵⁰

The change from import substitution to export promotion as a development model was influenced significantly by a number of cross-country studies, such as those by Balassa (1978) and Michaelly (1977), that argued for causal connections between exports and growth. A host of other researchers focused on the same broad areas of interest but it has become increasingly difficult to draw general policy conclusions from this body of work, given the diverse issues and techniques studied. However, it is generally accepted that import substitution was not as

⁴⁹ Lim: 1996, p.17

⁵⁰ see S. Edwards: 1992. p. 32; 1998. p.384- concerning Korea

effective as export-oriented policies, and that even outward-oriented countries are dependent on the complex interrelationship of a number of factors (many of which are connected with government actions).- To further complicate the issue, many of the variables that may affect trade performance are *structural* (i.e. geographic, cultural) in nature and such constraints are usually unresponsive to national policy measures.⁵¹

Although much of the theoretical literature in this area has focused on the full panoply of trade and growth, the majority of empirical studies have narrowed the study to the relationship of *exports* and growth. Medina-Smith outlines the beneficial role export promotion and expansion can play for both developing and developed countries by:

- generating greater capacity utilization
- taking advantage of economies of scale
- promoting technological progress
- creating employment and increasing labour productivity
- improving allocation of scarce resources
- relaxing current account pressures for foreign capital goods, by increasing external earnings/foreign investment
- increasing total factor productivity and general welfare⁵²

Nevertheless, he questions the use of export growth as a “proxy for trade orientation” and stresses the importance of considering the relationships between the various inputs into trade policy successes.⁵³ In addition, this author notes that

⁵¹ Kenny: 2001. p.12

⁵² Medina-Smith: 2001. p. 4

⁵³ Medina-Smith: 2001. p. 36

studies are sensitive to the variables employed and results depend on “not only the theoretical approach used, but the econometric methodology employed”.

While some studies mainly support export promotion hypotheses, many others found no long-run relationships between exports and economic growth.⁵⁴ For example:

On the one hand, Tyler in his cross-country study of growth and export expansion in developing countries finds “significant positive relations between growth and various other economic variables including ...exports”, “demonstrating a strong cross-country association between export performance and GNP growth” and recommending “economic policies entailing appropriate price incentives for exports” as an important part of DC’s economic package.⁵⁵ Chow also concurs, supporting a reciprocal causal relationship between export growth and industrial development in 8 NICs, noting that “the validation of this causal relationship has far-reaching implications for developing countries...[and] ...further confirms the advantage of export-led growth strategy for small open economies”.⁵⁶

On the other hand, Jung and Marshall found that the EP hypothesis was supported in only four out of 37 developing countries in their study of exports, growth and causality, remarking that their results “cast some doubt on the efficacy of export promotion in fostering economic development”.⁵⁷ Stressing the importance of the macroeconomic tenet that defines exports as “injections into the economy”, Dodaro discusses the reverse causal sequence – that economic growth

⁵⁴ *ibid* p.5, 14

⁵⁵ Tyler: 1980. p.129

⁵⁶ Chow: 1986 p.61

⁵⁷ Jung and Marshall: 1983 pp.1,10

leads to export growth, particularly in countries at the early stages of economic development.⁵⁸ (“threshold effect”). He also comments on the importance of the supply side/domestic economic environment in determining the growth dynamics of exports, supporting Jung and Marshall’s skepticism about trade as either the “engine” or “handmaiden” of growth within the context of LDCs.⁵⁹ Colombatto also concludes from his research that “exports do not necessarily benefit economic growth” and that “opening up is not necessarily the right policy to pursue in order to achieve higher levels of development”.⁶⁰ Rodriguez and Rodrik (1999) also find “little evidence that open trade policies ...are significantly associated with economic growth”.⁶¹

The contradictory findings of these and other studies are clearly an indication of the difficulties inherent in defining terms, and choosing appropriate techniques for measuring the complicated variables and complex dynamics of multiple interactions. They also reflect the difficult choices faced by researchers and decision-makers, who wish to plan policy for imperfect markets.

Based on the general knowledge base outlined in the first part of this chapter, the following section will consider the role the national governments may play in adapting domestic policy planning to the “realities” of a global economy, in response to a changing climate for trade and development, emphasizing the interdependence of domestic and international partners in development.

⁵⁸ Dodaro: 1993. p. 229f.

⁵⁹ *ibid* p.242

⁶⁰ Colombatto: 1990. p. 594

⁶¹ quoted in Kenny: 2001. p. 9

A Partnership Model?

Today's trade and development negotiations assume that developing countries will be market-oriented, and that their development planning will "depend on making full use of opportunities for export growth, inward investment and improved competitiveness of companies, including innovation and to acquire knowledge and know-how".⁶² This orientation affects not only prescriptions for national governance, but also argues for a "sympathetic" international climate of trade, finance and investment regimes.

There are a number of aspects to the realization of such a *developmental partnership*. First, let us consider the national government's role in encouraging a suitable domestic environment for sustainable development.

Public-Private Partnership:

On the domestic scene, the most important manifestation of such a "partnership model" is based on changing attitudes to the roles of public and private sector in encouraging economic growth. There has been a marked shift in public-private partnerships in recent years, in both developed and developing countries, driven by a changing perception of the function of government. As we have seen in the earlier sections on government and markets, expectations of government action as mainly a corrective mechanism for failing markets, has moved towards an appreciation of the possibility also of government failure. This has led to a change in the public-private mix, with a retreat of public sector ownership, resulting in privatization of many formerly "public services", in sectors such as power, telecommunications and water supplies.

⁶² Schulpen and Gibbon: 2002. p.2.

While diminishing the active role of governments in the production of public goods, this has increased their regulatory responsibilities, as they should assure a continued affordable supply of common goods, through competition and consumer protection policies. Government regulation has also extended into financial markets, through investor protection, capital requirements and business ethics codes, outlining fiduciary responsibilities of businesses operating within the territory. The resulting mix of public and private initiatives and regulation has given rise to a wave of “new managerialism”, which focuses on improving practice and efficiency in the public sector.

The World Development Report in 1997 lays out the broad principles of effective governance as being based on:

- matching capabilities and resources
- focusing on core public activities
- building existing capacity, by (re)invigorating public institutions.

The suggestion is that the quality of a state’s institutions has a major impact on economic and social development, and that only states with strong capabilities can assume more activist functions. Therefore, overall development prospects must be based on improving policy processes and productivity and strengthening the institutional and social infrastructure to move on. Privatization and market liberalization are key components of the policy agenda and the focus of institutional capacity building is on efficiency in the public sector, as well as improved transparency, accountability and inclusiveness.

This move towards improving Developing Countries' administrative capacity and supporting public-private partnerships has been complemented and/or even driven by donor programmes, which include provisions for capacity-building in both public and private sectors, as well as funds focused on improving the incentive to cooperation between the two. Capacity building exercises as an integral part of development assistance are an important aspect of the public-private partnership model. Donor agents are increasingly conscious of the importance of improving mechanisms and institutions, as a prerequisite to improving the ability of governments to respond to the demands to enable business and production, as well as to avail themselves of the full spectrum of human resources and expertise available within the private sector.

As Schulpen and Gibbon note,⁶³ there is a heightened donor interest and support to private sector development (PSD); this is ideally to take place through both direct support to private sector organizations, as well as capacity-building of public-private consultation mechanisms and the encouragement of technology transfer through joint ventures and training initiatives.

In a specifically Caribbean context, David Jessop points out that the promotion of private sector development has been an important aspect of the new cooperation agreement between the ACP countries (including CARICOM) and the European Union, noting that this marks "a sea change in the way Europe and some, but far from all, ACP nations see the future"⁶⁴ He notes that this future may be shaped by a the ACP-EU Cotonou agreement that provides for "direct support for the

⁶³ Schulpen and Gibbon :2002. p 10f.

⁶⁴ Jessop: 1999, "This Week in Europe" Nov.12 (Jamaica Observer) also available online@ <http://www.euforic.org/cce/cce.htm>

development of the private sector” though DIAGNOS and EBAS, external institutions of the European Commission, as well as a large fund, PROINVEST, administered through the Centre for Development of Enterprise. Jamaica has put forward proposals for European support involving its private sector organizations, and on the regional level, CARIFORUM has also collaborated to support the building of regional private sector programmes for the rum, tourism and rice industries.⁶⁵

This new orientation has not been accepted without reservations, however, as there is a reluctance to recognize that governments should be bypassed in favour of direct funding of private enterprise. Though many accept that market forces and a dynamic private sector can speed the pace of development, operationalizing the new dynamics of public-private cooperation has proved challenging. It calls not only for a change in how governments operate, but also a “quantum leap” in the capacity and cooperative efforts of essentially competitive firms, within networks that are of relatively recent development in the Caribbean context. There is, however, an increasing body of empirical data that may aid developing countries to orient their efforts towards a more efficient and effective use of human resources.

Empirical Evidence:

Several recent studies examine specific cases of reform, including privatization, infrastructure improvements and regulatory mechanisms. To cover the full spectrum of recommendations from these studies is beyond the scope of this paper. However, the following highlights just a few, which might pertain to Jamaica-CARICOM futures.

⁶⁵ *ibid* Jan. 27, 2002

In the area of **privatization** and **regulation** in provision of public goods and services:

A paper from the University of Manchester ⁶⁶ analyses data from 63 developing countries to examine the effect of privatization on economic growth. The authors note that developing countries have not had uniform success in developing effective regulatory mechanisms to keep pace with the trend to privatization and that this has contributed to a proliferation of private sector monopolies. The study recommends improved statistical tools for analysis of relationships and concludes that further research is needed on the roles played by competition and its regulation, to understand better the relation between privatization and growth.

Along the same lines, but focusing on the effectiveness of public-private partnerships for delivery of services, an ID21 report ⁶⁷ also stresses the importance of focused studies. Noting that there has been little well-documented research on the performance of public-private partnerships in particular sectors or country contexts, the author comments that while many studies support the superiority of private performance in delivery, individual decisions to privatize must focus on improving efficiency *overall* and not just in the sector privatized.

This indicates support for the development of local studies to determine the optimal pace and level of privatization in a given institutional/economic setting. It also argues against a “one-size-fits-all” approach to reform. Instead, effective reform would call for governments to factor in the cost “in the round” (i.e. of

⁶⁶ Paul Cook and Yuichiro Uchida: 2001

⁶⁷ ID21: Batley: 1998. “Partnerships in Urban Service Provision: are they working?”

additional regulation and the potential for reducing government expenditure) and also include an estimation of the risk factor and the capacity of administration to handle effectively the privatization process.

Similar advice is offered by Schulpen and Gibbon⁶⁸ in a more comprehensive study of Public Sector Development, which stresses the importance of a “sequence of priorities” in pursuing effective development policies, warning against donors’ “often idealized” model of private sector competency, which does not always reflect the reality in developing countries.⁶⁹

To sum up:

Service delivery has to be improved by using the best techniques of the market and the state. Core government functions, such as policy-making and resource mobilization, need to be strengthened...[then] the best way to involve the private sector is to “liberate” [it]...Public service improvements come from an evolving sequence of appropriate strategies, rather than a single one of either the minimalist or strong state.⁷⁰

Research also places considerable emphasis on the effect public-private cooperation could have on the reorientation and operation of markets. Recent work on development potential stresses the “symbiosis” between national and international instruments and draws on the operationalizing of various managerial and business-oriented strategies for improving the outcome of production ventures

⁶⁸ Schulpen and Gibbon: op cit p. 4

⁶⁹ This study offers advice which pertains to the case study introduction: Part Two: Chapter Four

⁷⁰ R.G. Pinto: 1998. “Innovations in the provision of public goods and services”; Public Administration and Development 18, p387f.

in the developing world. Networking, production clusters and joint ventures that link governments and firms, from both developing and developed countries, are portrayed as particularly promising.

The following selection offers a sample of studies done **market restructuring and export promotion:**

An ID21 report⁷¹ points to the importance of targeted strategies and incentives to encourage the entry of DC firms into international markets for exports. Noting that while “trade reform and market liberalization may be necessary conditions for improved export performance”, they are not in themselves sufficient, the author goes on to synthesize several studies that offer advice on tapping the resources available to both firms and governments for improving market access. These include taking advantage of global linkages through joint ventures and business contacts; exploiting non-traditional and non-manufacturing sectors; as well as strategic analysis of changing markets and effective national support and policy.

Abigail Barr⁷² focuses on the Ghanaian economy to assess the importance of networking in business success. She concludes that while institutional improvements would be more effective in improving business performance, **networking** is an important interim solution for learning, technology sharing and capacity building for small and medium enterprises. A number of studies on “**clusters**” also indicate that clusters of small firms can draw on collective efficiencies and joint action to overcome growth constraints and break into

⁷¹ J. Humphries and O. Morrissey :2000. “Add value, go global. Can southern firms break into global markets?”

⁷² A. Barr: 2000. “Networking for success and survival in Ghana. Does size matter?” Insights 34

international markets.⁷³ Both clusters and networks can give firms an “extra edge” in very competitive markets, through joint action and local external economies, if they are consumer (rather than supply) driven and directed at groups of enterprises, rather than single sites or businesses. Governments can encourage such efficiency gains by facilitating the growth of producer groups and associations, as well as designing policy frameworks to support them.⁷⁴

Finally, Steven Globerman and Daniel Shapiro⁷⁵ examine the value of **investments in governance infrastructure**, in relation to FDI inflows and outflows. They draw on several studies that conclude that differences in growth and productivity can be related to differences in political, institutional and legal environment, as well as on empirical literature on the various locational characteristics that can attract/repel investors. Their analysis of the relationship of governance infrastructure and FDI is based on new indices (such as the HDI) and concludes both that “political governance matters” and that improvement in governance is relatively cost-efficient. This is based on the assumptions that spillovers from specific investments in areas such as healthcare and education offer intrinsic local benefits and public goods-type externalities, and that providing an attraction to investors is an added bonus. (Noting that there may also be an outward flow of FDI through “homegrown” multinational corporations (MNCs), the authors

⁷³ see: IDS Policy Briefing #10: 1997. “Collective Efficiency: the way forward for small firms” also: M.J. Waits: 2000. p35f.

⁷⁴ J. Humphrey and H. Schmitz: 1996. “The Triple C approach to local industrial policy”; World Development 24/12

⁷⁵ D. Shapiro: 2002. “Global Foreign Direct Investment Flows: The role of governance structure”; World Development , Vol30/11 p1899f.; see also: Huff et al:2001

focus on the positive effects offered through intra- and inter-industry trade and specialization.)

Other studies indicate important areas for government capacity/policy building might focus on various incentive and safeguard programmes such as:

- efficient fiscal collection
- regulation of general private sector respect for labour codes and ethics (there is a difficult balance to maintain between attracting foreign and local investment and protecting local workers/consumers)
- oversight of MNCs to encourage local linkages and discourage excessive repatriation of profits

At the same time, both government and private sectors should cooperate in planning: effective networks for:

- training/ learning-by-doing
- improvements in business practice/ “bench marking”
- technology sharing
- research and development, particularly for non-traditional/ niche industry for export markets⁷⁶

The potential success of promoting the well-being of citizens is dependent then on dynamic analyses of optimal sequencing and mixes of public and private roles, in specific national economies, within the changing contexts of external markets. Both governments and private sectors should aim to build the capacity of their respective agencies and organizations, as well as institutionalize cooperative and consultative mechanisms across all sectors and levels. While offering obvious

⁷⁶ see IDS.org: Osborne: 2001

challenges in the short run, in the long run such an eclectic approach allows for an optimal use of human, physical and social capital input for all concerned.

Conclusion

On the basis of the previous sections then, this thesis adopts the premise that the process of public sector development should take place within a national/regional environment that encourages local and foreign investment in dynamic, competitive production, particularly for export. Such an environment depends on an overall commitment to many aspects of social and economic planning, including:

- stable and well planned macroeconomic policies
- political and social stability, dependent on the rule of law
- transparent and accountable policy coordination and consultation with all stakeholders
- an enabling infrastructure to produce a healthy, well-educated/trained workforce
- a “basket” of regulatory mechanisms, including stable financial institutions and investor/property rights protection

The previous sections have outlined the various challenges that theory and empirical evidence offer for development planners. Conflicting ideologies, technical difficulties and contradictory conclusions complicate growth prescriptions and combine to make policy choices problematical, for both developing and developed countries. The demands of increasing globalization and interdependence

of socio-economic choices make it very difficult, if not impossible, to insulate domestic decisions from international influences, while the linkages between trade, governance and “adjustment” to externalities also leave developing countries’ governments even less “free” than markets.

In recent years, these same contradictions and challenges have led to research based in a blend of analytical approaches that is more multidisciplinary than in previous times. Endogenous growth theory and the opening up of new areas of interest through institutional, evolutionary and development economics as well as political economy, trade and integration theory, has given new impetus to studies on the variables that can influence economic growth through open trade markets, as well as papers that address critiques of earlier works, by integrating practice and theory across a number of disciplines. Though empirical research still often fails to make a clear quantitative distinction between supply- and demand –driven policies and/or to provide definitive explanations of trade-growth linkages for less-developed countries (LDCs), there is little doubt that dynamically designed trade policies, which can respond quickly to market changes are essential for reaching and maintaining competitive positions.⁷⁷ As Lucas comments, any successful prescription for development must not only depend on “mechanics that are consistent with sustained growth and sustained diversity in income levels”, but also “capture some forces for change in [growth patterns] and [the] mechanics that permit these forces to operate.”⁷⁸

⁷⁷ Colombatto: (1990) p.581ff.

⁷⁸ Lucas: (1988) p.41.

Indeed, a number of recent authors question the value of any “universalist” theory and research methods, suggesting that empirical evidence fails to prove that any ideal policy prescription exists for stimulating growth. Their development-oriented work urges that research should concentrate on country-/region-specific studies to explain the extremely complex dynamics of growth and identify trade policies that can act in tandem with other government activities to improve development prospects.⁷⁹ Such studies may open a wider set of policy options to developing countries that respond to small, open economies’ need for flexibility during their transition to full market integration.

Ideological and political decisions play a significant part in determining the practical role governments play in markets. As research progresses, it is to be hoped that international relations, through political, social and economic interactions, will improve instruments, institutions and theories to solve the “political problem of mankind...to combine three things: economic efficiency, social justice and individual liberty.”⁸⁰

This thesis as a whole will link the preceding synopsis of economic development work, to the wider scope of regional cooperation initiatives, which are founded on the assumption that such groupings offer a solution to many of the challenges that developing states’ face in “growing” their economies to meet citizens’ expectations of improved lifestyles. The main emphasis will be on the socio-political aspect of regional movements. However, we must always remain

⁷⁹ for example: see Kenny: 2001.

⁸⁰ Keynes, quoted in Roper and Snowden: 1987. p.320

conscious that “getting the economics of development right” plays a cardinal role in opening options for improved welfare across the board.

In the final analysis, market integration must be seen as the means to an end, rather than an end in itself. Therefore, it is the regulation and coordination of the various facets of trade relations that is the critical factor in a development context. This thesis argues then that it is the actors in the market - individuals and their collective institutions- that should drive the market for the common good. The process of *ordering* economic interactions is dependent on the identification and negotiation of a social contract between these actors, as well as the building of instruments and mechanisms that can articulate and defend its goals.

The solution to the modern “development crisis” is dependent on realizing a dynamic continuum of welfare-enhancing adjustment. This calls on all stakeholders* to actively promote formal policies that will contribute to an equitable sharing of the cost-benefits of market integration. Thus future negotiations for development and trade would be based not just on developed countries providing aid to lesser developed nations, but also on all participants within open alliances cooperating to share the burden of adjustment, according to their diverse ability to adapt. Such a coordination (rather than an imposition) of trade relations would be dependent on the identification of “partnerships for development” that allow for flexibility in the design of domestic policy: a democratically state-led/community-based network that gives all partners equal access to the same tools and responsibilities for development.

* public/private/NGOs; individual/collective; national/regional/international

The following chapter will go on to situate the argument for a social contract for development within the fields of international relations and international political economy research. It will be based on the ideal of an international society of states, bound by “complex interdependence” to realize goals of equity, justice and peaceful coexistence.

Chapter 3

International Relations: Hypothesizing a *Developmental World Order*

Since the dissolution of the Bretton Woods system in 1971, it has been widely accepted that international relationships can no longer be adequately explained or understood by those who insist on separating political and economic domains. While this linkage of political and economic motives has always been recognized by Marxists, the acceptance of such an idea across ideological strains marks an important change in how we link international relations and political economy. Shifting relationships between market, state and society and the emerging priorities and values that many argue presage an “end of history” - and/or ideology - provide rich areas for research.

This chapter will examine the international states system and regionalism within the disciplinary parameters of international relations, and in the light of recent research on the concept of globalization. The first sections will offer a literature review of various theories of systemic state interactions, prioritizing a combination of international society/complex interdependence approaches as offering the best insight into recent regional initiatives. The chapter will go on to expand the theoretical basis of a complex systems research method, situating it within a multi-disciplinary framework, aimed at addressing a perceived “crisis” in development theory and practice. Focusing on structure, agency and process, the various sub-sections will discuss seminal concepts, such as sovereignty power, partnership, justice and order, in relation to the state system and society. The main stress will be on the importance of mutually conditioning systems in building a cooperative, developmental society of states, under the auspices of horizontal and vertical regional “mediating institutions”, which act as adjustment mechanisms for multi-level systemic change. The final segment will briefly discuss an international trade model oriented towards development partnerships.

The Basic Hypotheses

The essence of this dissertation centers on the decision of one government (Jamaica) to make regional integration a critical component of its national development plan. The case study then considers the implications of the recent re-launching of the CARICOM initiative from three perspectives: the national, the transnational and the international, considering the interaction of internal and external motivations as well as “feedback” mechanisms between the various components/networks that support and/or penetrate national options.

The central argument depends on an approach that analyzes the resort to regionalism as emanating from multiple sources - as a new process, which though based in historical precedents, is also focused on the present and future: the possibility for change as well as for persistence, both within national and transnational development models. Regionalism is depicted as a social movement, bolstered by economic processes, but not confined to market integration.

This holistic approach to regional cooperation is based on the premise that the process of development is dependent on multiple inputs beyond market integration. As discussed in more detail in chapter 1, the regional initiative is seen as “mediating institution”: one that aims to both preserve and adjust national priorities, as well as to integrate and reform structures and decisional processes that impact on states’ capacities. It is therefore studied as a potentially integral factor in the founding of a new developmental world order, which adjusts the international state-system as part of a multi-layered polity and social partnership.

As such, norms, values and ideas become an integral part of the analyses of the regional process. The linkage of this process to a regionalized trade and

development model (the ACP-EU Partnership Agreement), with the most widely studied sui generis region (the EU) adds both a trade-development and comparative aspect to the mix, bringing into consideration an international society element. This encourages a resort to international relations and political economy research to enrich the area study.

The first section of this chapter will offer a literature review concentrating on various International Relations and International Political Economy approaches to concepts seminal to the treatment of the Caribbean regional process as a state-centred negotiation for change focusing on the building of a developmental world order. It will discuss pertinent issues of the international state-system as an organizing framework for development, considering relevant views of the interactive role of citizens, states, institutions and ideas as they pertain to the “ordering of development”.

To this end the following sections will briefly consider the recent changes in the climate surrounding development through trade, outlining some basic material on globalization, justice and transnational civil society, as an opening to the discussion of regional integration as a socio-political as well as an economic process. This introductory outline is not intended to be an exhaustive coverage of these topics, but rather to set the basic parameters of a holistic approach to regional development studies drawing on the larger body of social science theories.

As mentioned in the introduction, this thesis finds its basic inspiration in the body of work produced by the so-called “English School”, particularly Hedley

Bull's "Anarchical Society".¹ Drawing on the classical traditions of Hobbes, Kant and particularly Grotius, the "English School",² has sought to develop a theory of international relations built on the twin concepts of both state and society. Hedley Bull is a "founding father" and his work posits dual interacting international systems: one devolving from the formal diplomatic relationship of states, the other from a nascent state-centred international society, which negotiates the values and norms that govern (in an informal way) the interaction and evolution of the former. This approach sets up a distinctive connection between the formalized, mechanistic system of states and the conscious and self-regulating interactions of society. The first "international *system of states*" can be quite well explained by realist (Hobbesian) theory, prioritizing anarchical self-interest; the second is better described by the Grotian tradition, which is the basis for theories stressing rationales of cooperation and interdependence, based on common values and norms (though not going so far as to dismiss the concept of state, in favour of the state-free Kantian society of "(hu)mankind").

While such a state-system can exist prior to or without society, the converse is not possible. The concept of a society of states is then closely linked to the concept of an international *order*, manifest in the building and maintenance of common rules and institutions. Bull has emphasized the importance of the connection between international order (where order depends on "an arrangement

¹ See Introduction

² eg see B. Buzan: 1993

of social life that promotes certain goals or values”)³ and the growth of a society in tandem with the formalized international state system.

While the main basis for this dissertation derives from International Society research, its assumptions will not be strictly limited by this school of thought. Many scholars have taken the English School’s basic premises in various, conflicting directions and there has also been considerable criticism of the inadequacy of Bull’s analysis, which was never fully developed due to his early demise.⁴ As a result, building empirical theory on the international society model is not simple, nor is the result always considered as convincing as mainstream positivist paradigms. In addition, the very concept of International Society depends on relative, intangible ideas, values and attitudes, more than visible structures and institutions. Consequently, this dissertation *adapts* the International Society approach, drawing on a variety of both realist and idealist analyses. This combination of seemingly contrary views allows for a pragmatic recognition of the self-interest of states as encouraging a certain “path-dependence”/persistence of the state system, while also allowing that the increased interdependence of the system will gradually lead to a growth of cooperative mechanisms, which will require the identification of common goals and interests that will mitigate the anarchic exercise of unilateral power.

Much of the work produced on the interdependence of states/societies has focused on the history of society. However, Barry Buzan has made an interesting attempt to bring this approach to contemporary usage by linking the English School

³ Bull: op. cit. p.4

⁴ see for example: Ruggie:1998.

traditions to structural realism and regime theories more familiar to North American academics. In doing so, he defends the International Society approach as one that has much promise as an analytical tool, in that it fits with observable data and “offers a way of understanding not available using alternative concepts”. He notes in particular that such a focus on normative, societal terminology widens the scope for conditioning state behaviour to include considerations of what might constitute possible and desirable goals for international relations.⁵

As Buzan notes, Bull’s concept of a “society of states” has much in common with the “complex independence” theory proposed by Keohane and Nye.⁶ These authors, in a more recent work,⁷ have stressed the relevance of such a view to the bargaining process inherent in regime change and have linked it to Haas’ work on regional integration and neo-functionalism. They also stress the importance of *both* process (common to Liberal approaches) and structure (important to Realists), as well as the “reciprocal flow of influence” between domestic and international systems, noting that states’ strategies and citizens’ preference formation are not purely exogenous, but also arise from within.⁸ They go on to argue for research that links systemic and domestic policy analysis, as a means to evaluate the ability of states to “communicate and cooperate”, to provide opportunities for the redefinition of interests and the identification of strategies for change and adaptation. Finally, they argue for closer attention to the “ideal” of complex interdependence, as seminal to analyses of processes influencing state

⁵ B. Buzan: 1993 p.330

⁶ see Keohane and Nye: 1977

⁷ *ibid* 1987

⁸ *ibid* p. 742

behaviour, as such research may “add to the common grammar of statecraft”, significantly altering the results of systemic interaction.

Drawing on functionalist theories as well, Buzan goes on to investigate IS’s linkages to sociology research and the “*gesellschaft*” view of society-building which portrays societies as “contractual and constructed...made by acts of will.”⁹ Such an approach encourages a complex and sophisticated understanding of how an international society may form among highly diverse partners- providing a linkage to Watson’s vital *raison de system* via a social contract among multiple cultures and polities.¹⁰

Richard Shapcott’s concept of “thin cosmopolitanism” may also prove helpful in conceptualizing such a world society/society of states.¹¹ Noting that balancing the tensions between inclusionary justice and difference is a prerequisite for any community, he bases his prescription for founding an international society on building an essential *dialogue between equals*, noting that: “The moment of equality...occurs at the point in which a participant acknowledges not only the limits of their own knowledge, but also the possibility that the other participant(s) may be able to bring to light new ways of seeing or understanding, which are of equal or greater validity.” This author also bases his largely theoretical philosophical discussion in the “realm of the possible”, as he argues for starting “from where we are now”- that is with the present population/capabilities at hand,

⁹ Buzan: op cit p. 333

¹⁰ Watson, cited in Buzan ibid p.335

¹¹ R. Shapcott: 2001. p. 209 ff.; *thin cosmopolitanism* is a variation on the “*gesellschaft*” concept of society, which draws on Gadamer/philosophical hermeneutics to describe a constant re-negotiation of community among equal partners, through communication/conversation

which, he maintains, provide the resources “to understand each other and to build commonality and solidarity”.¹²

These three approaches draw on similar arguments and prescriptive elements, concentrating on the power of agency and process in realizing change within the context of pre-existing systems- both ideological and practical. Such an overtly normative theorizing makes an expanded, dualist International Society approach particularly apt for this thesis. To ignore the importance of either significant strand of international relations research (realist/power paradigms and structures or cooperation/interdependence models and processes) is to miss the multi-dimensional interactions of economic, social and political relations, which are affected by ideologies and discourses of the diverse partners that delineate international policy initiatives.

Building on such an inclusive base has important implications for trade-development theory and practice. First of all, development studies is an implicitly normative field; the very concept of “development” presupposes an ethical and moral commitment to improvement in social and economic options. Yet, of course, the operation of trade is bound to the competitive profit motives of the market, which remains largely resistant to arguments for socio-political interventions. To consider trade a tool for growth and development, we must depend on economic analyses assuming a free and unhindered operation of market forces.

In the “real world” this assumption is false. To date, the lack of transparency and accountability in power-driven “green room” diplomacy on trade matters has greatly affected the developing countries’ ability to either participate

¹² *ibid* p.234f

effectively in world's markets or to deliver domestically on projects and programmes to ensure improvements in welfare. Therefore, to encourage "developmental" trade, institutions must adjust rules and mechanisms to allow for transition in international trade regimes. Such a transition would include:

- flexibility in national responses
- equal representation in rules formation
- recourse to just and effective dispute settlement.

Secondly, the joining of states' futures through the liberalized international trade system provides the most convincing argument for the continuation and consolidation of global cooperation. The increasing importance of transnational corporations, based on global production networks and the accumulation of other transnational transfers and social networks all argue for a growth and persistence of international trade, as well as an increase in the formalization of global interactions in general. As the Director General of the WTO recently noted:

trade is in the spotlight as never before...The world trading system is the linchpin of today's global order — underpinning its security as well as its prosperity. A successful WTO is an example of how multilateralism can work...Multilateralism is based on the belief that all countries...are made stronger and more secure through international co-operation and rules, and by working to strengthen one another from within a system, not outside of it. Multilateralism's greatest ideal is the ideal of negotiation, compromise, consensus.

Supachai Panitchpakdi argues for the strengthening of the organizations devoted to world trade integration and goes on to quote Cordell Hull's post-War vision of a future where "enduring peace and the welfare of nations was

indissolubly connected with the friendliness, fairness and freedom of world trade”.¹³

Such a vision is still to be realized -as is free and fair trade. However, if such a peaceful future *is* to be encouraged through trade networks, the “enlightened” self-interest manifest in continuing *trade-aid* relationships argues for descriptive and prescriptive models that go beyond purely economic or realist motives for the negotiation and design of trade and development treaties/regimes.

However, as Richard Falk notes, despite normative alternative international relations theory, it is “the postulates of realism” that have usually shaped modern state behaviour.¹⁴ Yet realism/*realpolitik* (as theory and practice) may be useful in guiding some aspects of international relations, it does not adequately deal with all interactions. It is particularly inadequate in planning or analyzing development agreements, which may be seen not only as vehicles for extending influence/power, but also as the expression of social aspirations and values. Given the present crisis in world order, perhaps the way forward should focus specifically on encouraging a state-centred, international society, driven by a conscious commitment to cooperation, and underpinned by a pragmatic recognition both of the demands of interdependence and the unintended consequences of systemic interaction.

This takes the concept of community to a global stage, and ties it to the state-led system of international relations in a reflexive relationship that mitigates the anarchy of realist IR suppositions that frequently inform policy decisions. This

¹³ Supachi Panitchpakdi: 26 February 2004.” American Leadership and the World Trade Organization: What is the Alternative?” National Press Club — Washington D.C.

¹⁴ Falk: op. cit. p. 152

study maintains that the values and ideals of polities are incontrovertibly affected by their interaction with theory, agent and structure, and in themselves may prove “self-fulfilling prophecies”. Certainly, the increasingly political conditionalities of trade and development agreements lends itself to such a conclusion, as once purely economic relations are governed and limited by the fulfillment of social and political aspirations, such as “good governance” and “human rights”.

This makes the consideration of the social aspect of neo-liberalism/market integration - at both a regional and international level - an important area for study. Buzan again perhaps offers a view that is most influential in this thesis. He notes firstly the importance of clarifying the terms and conditions of academic engagement with the “realities” of international affairs. In attempting to clarify the linkage between contemporary concepts of “world society” and “international society”, he emphasizes the role various types of social interactions perform in regulating and directing state interactions. In this vein, he contends that world society can be more closely linked to the individual and traditional cultural identities (*gemeinschaft*)¹⁵ and international society to the state-system (*gesellschaft*).¹⁶ The former can be seen to resist change or interdependence, while the latter drives it.¹⁷

He maintains that while these two levels of social adherence might seem superficially antagonistic, such a view does not take into account the modern

¹⁵ society built on common culture, traditional “*mores*”

¹⁶ society based on negotiated contracts for interaction

¹⁷ The importance of these distinctions will be evident in the later discussion of fragmenting/integrating pressures of globalization

existence of multiple allegiances and identities.¹⁸ In dealing with the important balancing of individual human rights, cultural identities and the sovereignty of states, which would favour the contemporaneous existence of world and international society, he emphasizes the role of popular support for foreign policy-making based on common values and norms, as the requisite basis for the founding of an international society. In addition, Buzan also refers to the importance of regionally-based social systems, which may provide the basic building blocs of international society through functional cooperation.¹⁹ Such an approach seems to offer great promise in relation to area studies, as regards the dynamics of transition and transformation of both markets and societies to new arrangements of production and governance.

This dissertation's case study is based on a re-negotiation of the traditional partnership between areas in both the North and South, as defined by the Cotonou agreements between the EU and the ACP. It considers the tension between multiple *social and value* systems as the defining factor in developmental relationships, maintaining that without addressing the concerns and co-opting the support of the majority of world societies, the international system cannot move towards a more developmental order. It will be argued thus that any development partnership project is dependent on the negotiation, institutionalization and regulation of international cooperation based on multilevel governance, to combine and coordinate the partnership of these diverse societies.

¹⁸ Buzan: op cit p.339

¹⁹ *ibid.* p.345

Linking development to trade and governance²⁰ assures that such organization will be provided within the framework of the international state-system. The bringing of social and domestic agency into the international trade agenda also encourages the application of functionalist, agent-oriented theories to international relations, as it opens the field to new models²¹ that consider the role which both donor and recipient, developed and developing countries and their (transnational) citizens can play in directing social order in both their domestic and international spheres.

The Contributions of a Systems Approach

Our most innovative findings and contribution to regional integration and development theory and practice should derive precisely from such a holistic approach and complex agenda, which will allow for an exhaustive analysis of the inputs and outcomes available to the two regions through a “symbiotic” development of cooperative mechanisms, dependent on an open dialogue between basically unequal partners, who share some common goals. Such a multidisciplinary and multi-faceted framework is offered by a general *systems* approach that allows for multiple points of entry into the process, as well as a variety of methods for interpreting problems and solutions. The following section will provide a basic synthesis of a *systems approach to regionalism and globalization*.

²⁰ In this author’s opinion, this linkage may be the defining characteristic of this era’s development model

²¹ here typified by the “partnership” model

The *method* of a systems approach is based on “systems theory” within natural science disciplines, particularly quantum mechanics and chaos theory. This theory is not directly transferable to social science studies. However, social science research can benefit from the application of a basic mindset that recognizes the interaction of multiple, complex “systems”- both social and natural- and the possible “unintended consequences” that result from the often unpredictable collision of these interactions. The “systems” we refer to are based on Anthony Clayton and Nicholas Radcliffe’s simple definition of a system as “a set of components that interact with each other”.²² However, in the present context, which does not lend itself to any “scientific” modeling of the various feedback loops and causal effects of the complex interactions in international relations, alternate terms such as “networks” or “interdependent regimes” might also have served as well.

Systems was finally adopted, however, with the intention of building on a traditional “philosophical” approach which would privilege an integration of the contributions of various stakeholders, “to explore the ways in which non-local, long-term and diffuse relationships between actions and consequences can be brought into a practical ethical framework for decision-making”.²³ Such analyses should provide the underpinning for a strategic policy planning process, which allows for dynamic, flexible responses to changing world climates of political and economic arrangements, of trade, investment, and governance practices, as well as offer support to new, alternative theories for development.

²² Clayton and Radcliffe 1996. p18f

²³ *ibid.* p.10f.

This would in turn allow consideration of a number of issues and factors, as they feed into international development models in different ways over time. Widening the focus to multi-level governance in numerous sectors should produce a more flexible and dynamic model for national planning and capacity building in relevant areas. Holistic systems approaches have been particularly enriched by the “greening” of social networks by environmental researchers, who have found systems models particularly useful in integrating natural and social sciences to mobilize support for ecological projects.²⁴ Business/management theory has also played a significant role in adapting and advancing general and complex systems theory.²⁵

In addition, a number of political scientists have advanced systems-based theories,²⁶ though many have been somewhat limited by fairly narrow foci (either ideological and/or disciplinary). However, perhaps the most familiar expression of “systems” in international relations/political science has been based on the *world-systems* network that has built up around the work of Immanuel Wallerstein (which most of the above authors would not accept as typical of a “systems” approach). A significant cross-section of social scientists has advanced and adapted his work in a number of contexts, mainly from a leftist/historical materialist perspective. The theory²⁷ has also been used as a “jumping-off point” for a number of development

²⁴ see e.g. A. Clayton and N Radcliffe: 1996; I. Bellany: 1997

²⁵ see eg: J. Sterman: 2000, Business Dynamics: Systems Thinking and Modelling for a Complex World; Irwin-McGraw-Hill, US; Michael Pidd. 2004, Systems Modelling: Theory and Practice, Wiley and Sons, UK

²⁶ see e.g. Barry Buzan and Richard Little: 2000; Robert Jervis: 1997; P.A. Reynolds: 1994; James Rosenau: 1990

²⁷ Wallerstein himself does not classify world-system as a theory, but rather an “approach”; others (such as Chase-Dunn/ Frank/ Arrighi) write of world-systems *theory* (WST)

researchers, including those who find world-system's basic "core-periphery" model offers little hope for peripheral countries to break out of a closed, unequal system.

However, the systems approach advocated in this project should not be closely linked to world-systems for a number of reasons: most importantly, due to the latter's basic assumption that there is *one* world-system, immutable and transcendent. World-System's most important limitation for this project lies in its dependence on ideological filters (leftist/ Eurocentric), in which the holistic aspect of general systems is often missing or distorted by the approach's implicit historical materialism. In addition, its reputation as a part of the "radical"/protest development school, which stresses non-cooperation/de-linking from mainstream processes as the most viable option for development, precludes its application in any work that focuses on changing the world order. Though many authors who ascribe to world system approaches have stressed its adaptability, I feel that it will prove more fruitful to focus on the multiple web of systems that make up our world views and experience, and the many actions and interactions that connect them.

Such an alternative, holistic "world of systems" approach would argue that history, and classical assumptions of power and knowledge production play too important a role in modern psyches and social interactions to allow any essentially independent development completely outside the mainstream ideologies and institutions, either for individuals or societies/states. The more effective strategy for those who feel uncomfortable with the existing dominant paradigms then would be to seek to change the system from within. In an era that is so concentrated on globalization, interdependent (if unequal) exchange and rapid change, this would

involve a concerted participation in the institutions and regimes (the “systems”) that form public opinion and practices, with a view towards establishing cooperative control mechanisms and coherent policy instruments.

It may prove useful here to refer to the “Las Cruces Group” project, which seeks to “actively reflect on ...new vistas for ...research on the changing global order”.²⁸ Commenting on the unsuitability of IR’s “chronically static theory” to “the transparently mobile reality” of modern international relations, Yosef Lapid²⁹ argues for the expansion of dynamic approaches, based on the philosophical thinking of “*processism*”, “*relationism*” and “*verbing*”. These approaches address a fundamental question: “whether to conceive of the social world as consisting primarily in substances or in processes, in static things or in dynamic unfolding relations”. *Verbing* is then postulated as a way to activate our discourse to reflect the dynamic nature of change in “preformed entities”- to “open a well-situated observational window for issues of mobility, change and transformation in contemporary world politics.”³⁰

The systems’ approach advanced here adopts a similar ontology to address agencies and processes, in an attempt to deal with the transformational possibilities of regionalization in the context of global development. The following chapters will trace the evolution of a particular relationship based on regional cooperation for trade and development. However, in the conclusion we will again return to a more holistic approach to situate the specific case within the general process.

²⁸ Albert et al: 2001. p.1

²⁹ *ibid* p.3f

³⁰ *ibid* p.6

Preceding the case study then, it would be worthwhile to preview the conclusion with this basic hypothesis:

Most recent studies ascribe the modern “crisis in development” to a failure in theory and/or implementation. My approach is that the fault in development goes much deeper than agency and process. It lies in the ideologically-driven structure of world relations and speaks to an innate lack of attention to the framework (both theoretical and physical) under which development theory and practice operates.

The Cotonou Partnership Agreement proposes to:

make through their cooperation, a significant contribution to the economic, social and cultural development of the ACP states and to the greater well-being of their population...reaffirming their willingness to revitalize their special relationship and implement a strengthened partnership.³¹

However, this thesis maintains that the successful realization of a “partnership model for development” will depend on much more than rhetoric and rules. It will depend on a fundamental re-ordering of international relations (again, as both theory and process) that recognizes the importance of a social contract for all, which openly admits the rights, duties and basic values of all participants. That is a *world society of states*, interdependent, cooperative and dynamic in its approach to interaction. On the basis of these arguments, our discussion of Caribbean regional development then begins with a situating of this study within international relations’ concepts of **structure** and **change**.

³¹ Prologue to Cotonou Agreement: <http://europa.eu.int/comm/development/body/cotonou/index_en.htm>

Development Partnerships and the Structuration of Governance

The *structure* of international relations has provided an important field of study for social scientists. Dependency and World-System theorists have portrayed global structural framework as *the* critical factor in determining options for development. Many others have also concentrated study on institutional constraints, both within and between states.³² In recent times, the limiting of states' capacities by interdependence/globalization has also been an important theme, leading many to question the persistence of the international state-system. This section will position this thesis within the wide field of opinions about the ability of states and other actors to challenge and change the structures that characterize "world order".

The first important assumption of my approach is that the process of regionalism does not challenge the basic persistence of a state-system, but rather can be seen as an extension of state instruments and authority to a wider area of influence. Recent developments in the EU and in the Caribbean, as well as between these regions, will be seen as converging with other international developments to indicate that states maintain the "upper hand" in organizing transnational cooperation. Regionalization is thus analyzed as a state-driven project, which is focused both inwardly (to improve local cooperative competitiveness and productivity) and outwardly, to attract foreign cooperation on both political and economic objectives.³³

However, though we assume here that the international state-system provides the basic framework for interaction, it is also accepted that it cannot act

³² See e.g. Krasner: 1982;1983

³³ see Chapt. One for further details

independently of its constituents. While not all interactions take place at a systemic level, they do occur as part of some interdependent system. The networks of interaction that we see at work, as mid-developing states seek to mediate their contact with globalized systems, are continuous and dynamic; they not only *reflect* structures and trends of the systems, but also *shape* future patterns of interactions. Actions are therefore not only constrained by their “interconnected-ness” (for every action, there is a reaction), but also liberated by accompanying possibilities for influencing other actors.

States’ actions occur within the aforementioned complex web of systems, which are open, dynamic and interdependent. Therefore, the second important assumption here is that the main constraint/support for state action is democratic citizenship, for elected governments can only function with the consent of their electorates. This study maintains that both local and transnational civil society networks are increasingly important actors in national and international affairs, particularly as they pertain to trade and development. We also assume that the individuals and collectives involved are capable of exercising rational choice to evaluate and intervene in state processes. This assertion depends on the implicitly normative, liberal “rational actor”³⁴ hypothesis, which assumes that human beings can and should apply reason to set up rules and organizations for the general good of society.

In this scenario, an increasingly connected anarchical international society, composed of a better informed and interdependent citizenry, now recognizes that international and domestic environments are so intertwined that they cannot be

³⁴ See M. Nicholson: 1996. p. 150ff for summary of rational choice theory

separated or considered in isolation. Therefore, whether for reasons of pure or “enlightened” self-interest or altruistic ideological commitment to peace and equality, the tools of *realpolitik* should then be traded in for less confrontational negotiating skills, and for a world order that favours more equality of access to the “global public commons” of human rights.

The regulation and institutionalization of cooperation through trade regimes would then play a seminal role in determining the scope of development partnerships. Following a line of reasoning based on the coordination of world and international society objectives, social development would be facilitated through a similar cooperative partnership of public and private sectors, both within and across national borders.

If we combine these two assumptions, this should lead us to a study that considers the interaction of culture, ideas, and institutions as determinants of development initiatives/instruments and as mutually conditioning systems at many levels. Comparison over time of various levels/examples of interaction can then help to identify the type and direction of structural change that is possible and desirable. These assumptions should be diametrically opposed to the realist view of each state as a unitary actor, a “personality” which seeks above all to perpetuate its own power, within an intrinsically anarchical international system. Rather, such an approach considers that though power /rent-seeking plays a distinct role in international relations, and power differentials cannot be ignored, norms and ideas limit the unfettered exercise of power. The persistence and growth of cooperative

mechanisms and common norms for interaction are seen as reflecting an integral goal of regional and international relations: the strengthening of a “governance without government”, one which depends on partnership for development and security. This view is reflective of both constructivist /relativist approaches, as well as work connected to the “bridging dualism” of the International Society/English School.

From this standpoint, states are seen as a collective expression of their citizens’ will, and therefore reflexively dependent on social support, while also mandated to interact with the international state-system according to their pragmatic perception of what will optimize their chance of benefiting as “just arbiters” of the public good. Such a vantage point encourages an examination of the importance of socio-political input in the design of economic regimes.

The premises above assume a relativist interdependence of thought, action and reaction, as well as a rejection of fixed variables, universal truths and “perfect information”. Such a stance brings into conscious focus the importance of ideological filters within policy-making processes and the impossibility of policy that “does just one thing”.³⁵ A development model based in such thinking would then be predicated on the interdependence and contingency of all action within overarching global systems, and encourage dynamic, diverse and flexible instruments for cooperation. Such an approach allows for a serious consideration of the role and influence of all stakeholders (collective and individual) in defining and affecting the direction and institutionalization of regional cooperation, as part of a

³⁵ see : Jervis, R.: 1997.

developmental world order. It would also encourage a consideration of the continual feedback between/among actors, institutions and ideology at all levels.

Viewed from this perspective, regional cooperation offers great potential for influencing the “structuration” of international relations.³⁶ The interaction of states and citizens in regional organizations is then seen as part of a transitional and transformational mechanism, which seeks to *both adjust and adjust to* global integration. As Etel Solingen reflects:

...grand strategies unfold in tentative, reactive and piecemeal steps...often in response to unintended and unexpected consequences of previous policies or coalitional entanglements...However, there may be far less discontinuity between the behavior of system makers –great powers- and other states than is often recognized; even mini-states define grand strategies...Since state autonomy is both a matter of degree and subject to empirical analysis, focusing on coalitions both helps avoid sterile debates between purely statist notions of a completely autonomous state and purely societal-reductionist conceptions of states as instruments of social, particularly economic, forces.³⁷

Regional Integration, Globalization and International Development

To begin the discussion of regionalism as a movement to adjust world order, let us start with an examination of new interest in regional agreements, such as the Cotonou Partnership Agreement (CPA), as reflective of a nascent change in international trade and development regimes. One of the most significant recent developments in international politico-economic arrangements has been an increasing interest in regional integration. Between 1990 and 1994, 33 new regional agreements were registered with the GATT and there are now very few countries which do not belong to any formal regional group. One of the overall aims of this project is to consider to what degree this change reflects a growing acceptance of

³⁶ see: Nierop :1994.; Keohane and Nye: 1977.; Krasner: 1983.

³⁷ Etel Solingen: 1998. p.9

the idea that all “lateralisms”, multi-, uni- or plural-, should be viewed benignly and that non-discriminatory trade regimes such as those supported by the WTO can be considered as achieving a “global commons” of developmental benefit to all. To adopt such a stance would be to open up the debate on development options to a much wider ideological space, one which reflects the “alternative” schools of thought which have preoccupied many developing countries’ leading theorists for many years.

As mentioned earlier,³⁸ one of the preoccupations of regional studies has been the uneven influence of globalization processes on countries at different stages of development. In this context, it has been noted that small open economies are particularly vulnerable to external changes and shocks and therefore more seriously affected by the rapid pace of change, particularly in markets and technology.

The most recent wave of regionalism has thus been approached particularly through its relationship to the process of globalization. Stephan Schirm³⁹ refers to the important role global markets play in national-international arrangements, particularly through new regional initiatives. Contending that the specific target of these increasingly-common agreements is an enhancement of domestic competitiveness in world markets, he advances an approach to regionalism research based on the assumption that: “by engaging in regional cooperation states create or strengthen a policy domain in which they receive new instruments for dealing with specific actors, situations and processes”. He follows Strange’s findings, noting that, as global markets increase in importance, shifting local elites’ interests

³⁸ see Chapt. 1

³⁹ Schirm: 2002 .p 8ff

towards the international arenas, they exert increasing pressure on states to adapt domestic policy to “the competition-driven logic of transnational private activities”. These changes weaken individual states’ regulatory instruments and influence, and provide the impetus to regional cooperation, as a strategy to support states’ capacities, particularly in economic spheres. This seems to concur with Robert Cox’s view that the key words in dominant global ideology are “competitiveness, deregulation and restructuring”, with governments in developing countries moving away from being “buffers” against harmful external forces, to becoming internationalized “adjustors”, who adapt domestic policies to the global markets.⁴⁰

A survey of recent research indicates that it is the *accelerated* progress of *globalization*⁴¹ that has been variously lauded or blamed, for changing fundamentally not only the way in which international relations are played out, but also the cultural practices and social options of most nations. However, many of these prognoses resulting from the treatment of “globalism”⁴² as an exogenous force are based on a somewhat skewed interpretation of both the historical and actual relationships of various actors in the international system. As Link observes, “globalization” is not directly responsible for a withering away of state capacity, but rather ties governments’ options more closely to global conditions.⁴³ It is not then a completely external force, but rather one that remains, to a certain extent, open to the influence of its multiple players.

⁴⁰ Cox: 1996. pp. 31, 154

⁴¹ understood here as the penetration of domestic processes by trans- or supra-national agencies and issues

⁴² “globalism” indicates an ideology based on hegemonic globalization, as an exogenous force inimical to diversity ; see A. Payne in Benn & Hall:2002; p.148f.

⁴³ Schirm: 2002 p. 17

Much research on globalization and the new regionalism goes beyond the global market, to consider changes in national socio-cultural values and institutions. In describing the effect recent changes have had, Thomas Klak, (reflecting specifically on globalization in general and neo-liberalism in the Caribbean context), observes that there is little consensus on either the definition or effects of *globalization*, maintaining that it is thus “perhaps the most overused, abused and ...dangerous euphemism for the restructuring of international capitalism”.⁴⁴ He goes on then to stress the importance of “regional, national and local expressions of interest” and the “dialectic or iterative relationship that produces global trends”.⁴⁵

This comment should be considered in relation to the popular concept of “coca-colonization”, or cultural imperialism, so often associated with industrialization/ changing production arrangements. As will be discussed in the Case Study, one of the seminal goals of regional association in the Caribbean has been to protect the “specificity” of local cultures and social practices.⁴⁶ The penetration of traditionally sovereign domains of national influence, by the exogenous force of global issues and agencies, has evoked many predictions, including the “end of history”⁴⁷ (through ideological domination) or the inevitable erosion of states’ influence (by international monetary dynamics and “global money”).⁴⁸ Such threats to local control of policy and lifestyle options, as well as to national cultures and identity profoundly affects national psyches and lifestyle

⁴⁴ Thomas Klak: 1998. p.3f

⁴⁵ *ibid* p.22

⁴⁶ See Chapter 5

⁴⁷ Francis Fukuyama: 1992. The End of History and the Last Man.

⁴⁸ See Lawton et al: 2000, for a comprehensive critique of the writings of Susan Strange

choices, contributing to a social “anomie” and disenchantment with the political process as a whole, as well as to a distrust of the state-system as an organizing principle.

In this light, the twin processes of globalization-regionalization take on both a socio-cultural and political significance for state planning, one that goes well beyond any purely economic analysis. Indeed, Regional Integration theory has long recognized that the success of regional organizations depends on not just national or transnational economic “realities”, but political decisions.⁴⁹ If we consider the success of regionalism in its role as a development tool (as does this case study), we must focus as well on the concerted building of community consensus and social cohesion. Such a focus would also bring the study of regional trade associations under the “umbrella” of social movements and contracts within a generally developmental world order, one that considers the diversity of identities participating in the global market.

Here we might also reiterate the importance of accessible discourse and communication as essential to balancing these multiple identities and expressions of difference with a just order that allows for inclusion, rather than coercion. This encourages us to consider regionalism as not just an automatic reaction to globalism and diminishing state capacities, but rather as a signal that the state system is adjusting to multiple changing dynamics. In pursuing regional integration, individual states are pursuing strategies to not only change their own instruments for development, by making production/market adjustments, but also adjusting their political-social structures to better voice their electorates’ priorities

⁴⁹ see Chapt. 1

in international fora. Thus, regional bodies can be studied as an indication of the extension of small states' power into the global arena. This signifies an implicit recognition of the alternative power offered by North-South cooperation and partnership, as well as the importance of ideologically-driven alliances in the structuration of international affairs.

It also argues for considering regional organization (through both S-S and N-S agreements) as offering potential for negotiating alternative development paradigms. This would make the Cotonou Partnership Agreement negotiations the proving ground for evaluating bargaining processes that would link the causal process of the incentives to cooperation to the behaviour of states and change within an international regime⁵⁰. Indeed, on cursory examination, the pursuit of such a goal would tie in to the long-term aspirations of developing countries for the negotiation of a new "order": one based on the fundamental right to development.

Such an order (first vaguely defined under the post-war "New Order" ideology and the UNCTAD/NIEO initiative in the mid-70ies) calls for a more responsive and democratic international trade regime. The body envisioned would coordinate, rather than abolish, national regulation of economic relations, allowing for diverse responses to changing climates, in order to maximize the advantages of trade-induced growth.⁵¹ While the partnership model originally proposed in the post-Lome negotiations offers only a transitional period, it may be that the process of negotiation involved in long-term regional cooperation might change attitudes in general to the desirability of following the alternative model in the long run. This

⁵⁰ see Keohane and Nye: 1987. p. 747: argues for the importance of such investigations

⁵¹ see Murphy in Paul Diehl: 2001.p. 261f.

study cannot defend the viability of such an outcome. It will, however, offer an analysis of the partnership process, as well as outline some of the critical factors in achieving a transformational relationship among development partners.

To facilitate such a broad approach to regional cooperation, it is important to briefly outline the definitions and assumptions that underpin the study. The following section will examine the literature concerning the definition of seminal concepts, such as states, sovereignty, and civil society, concluding finally with an analysis of the role that various stakeholders may play in shaping a developmental climate for North-South relations. This brief survey is aimed at providing a backdrop to the discussion of the state-system as the leading actor in development-trade models. It outlines the relevant issues of state interaction, and leads to a discussion of the state as a legal and social entity, which is responsible for the regulation and distribution of the costs and benefits of international relations.

A Society of States

This thesis is founded on the view that the state system is a social and historical construct, based on ideas and a widespread recognition of the value of territorial organization to provide society with order, justice, welfare, security and freedom. There are diverse opinions on the primary factors influencing the workings of the system, with, for instance, realists focusing on security/power, while liberals stress freedom/cooperation and international political economists (IPE), welfare/equality. As stated in the previous section, the theoretical assumptions underpinning this paper are most consistent with a collection of IR research based in a holistic approach, stemming particularly from the normative

theory of “international society”⁵² (IS), which concentrates on order, justice and the importance of shared interests, rules and institutions.⁵³ In this context, states’ relations operate with the consent and support of an “anarchical international society”, within a shared network of diplomatic activity, international organizations, laws, regulations and norms/ values.

This approach is focused on human agency and is often considered a “middle” way, in that it draws on both classical poles- realism and liberalism- to build a specific view of IR, within the traditional classical (rather than behaviouralist/positivist) approach. It privileges a “tripartite” responsibility (based on individual actors, “statecraft” and foreign policy negotiations) to advance a normative view of states’ interaction as an expression of humanist organization, with an inherent appreciation of common norms, values and obligations.⁵⁴

Martin Wight⁵⁵ stressed the importance of seeing international relations as a dialogue among three basic theoretical “voices”, variously viewing states as: self interested power brokers (Machiavellian realism); rules-governed sovereign entities (Grotian rationalism) or communities of mankind (Kantian revolutionism). However, much of International Society writing reflects a predominantly Grotian rationalism, concentrating on issues of international order and justice, as cooperative *regimes* that confer equal rights and duties on a *society* of states. This is based on dual principles: *plurality*, which confers rights and duties on sovereign

⁵² also called the “English School”, including authors such as Martin Wight, Barry Buzan, Robert Jackson, but most often typified by Hedley Bull’s “Anarchical Society” (1977; reissued: 1995, 2001)

⁵³ It will however, adopt an eclectic approach, drawing on IPE and other schools of thought to inform the process of building a “developmental” climate for IR

⁵⁴ refer also to synopsis of “IS/English School” in the “Introduction”

⁵⁵ Jackson: 1999. p.143f.

states that in turn, according to the *solidarist* principal, have a duty to assure that rights are protected and extended to individuals, as the ultimate members of international society.

Sovereignty and the State-System

The concept of “sovereignty” figures strongly in most IR discussions of the evolution of the international state system. Stephen Krasner⁵⁶ provides an interesting study of globalization and sovereignty, outlining four distinct understandings/definitions of sovereignty, which inform the theory and practice of global interaction. He notes that *interdependence sovereignty* concentrates on the quality of state *control*, while *Westphalian sovereignty* refers to state *independence/exclusion* of external authority. *Domestic sovereignty* refers to the *organization of authority* within a given polity and *international legal sovereignty* is based on *mutual recognition* (in international organization and law) of the legal entity of a given territory. He stresses that these different aspects of sovereignty can be enjoyed separately from one another and argues that there is little evidence that “contemporary developments, notably globalization are transforming the nature of the system.” He remarks that that the perception that the centrality of the state in IR is now more threatened, is seriously flawed, as most states have never enjoyed absolute autonomy, and concludes that sovereignty is “an institution characterized by organized hypocrisy”.⁵⁷

Many other treatments of the *sovereignty* debate are less detailed and concentrate mainly on states’ *de jure* versus *de facto* exercise of independence. The

⁵⁶ Krasner (1999) in David A. Smith et al. pg 34ff.

⁵⁷ Krasner *ibid* p. 35

following arguments still mainly accept that globalization will not replace states, but rather at most realign concentrations of governance within the international state system (or society of states, as Bull prefers). Andreas Osiander⁵⁸ challenges the very idea of Westphalian sovereignty and the “ideology of sovereignty” which informs a realist/power-based approach to International Relations. Noting that while in the context of emerging nation-states the concept of autonomous sovereignty had a “highly positive ring and a popular, emotive appeal”, the subsequent development of a global economy and the recognition of common interests has tied the global state system into a “complex structure of governance that creates a network of both cooperation and mutual restraint”. He concludes that even though participation in this network is technically voluntary, in practice the costs of nonparticipation are prohibitory. Thus: “the low degree of autarchy of individual actors and the high degree of trans-border social linkages will likely produce more elaborate forms of institutional cooperation”.⁵⁹

Several other authors also observe that few new/developing states have ever enjoyed any significant autonomy, and the increase in technology, interdependence and transnational organizations/issues (often subsumed as “globalization”) continues to leave these little space for maneuver. Julius Nyang’oro notes that Sub-Saharan African states, many of which are threatened by instability, weak capacity or, frequently, imminent collapse, have little real autonomous capacity and concludes that “...in a fundamental sense state sovereignty in Africa has been an unrealized objective from the beginning”. He concludes then that current

⁵⁸ Osiander: 2000. p.283 ff.

⁵⁹ *ibid.* p. 284

discussions about global challenges to sovereignty have little relevance for many developing states in the region, which continue to experience an erosion of independent capacity, from both internal and external factors.⁶⁰

Several other authors also refer to the considerable variation in states' capacities, both structural (physical and production resources) and social (administrative and institutional) as a mitigating factor for functional sovereignty. Increasing density in international relations, particularly within conditional and complementary trade/aid packages, offers a particular case for considering the relative value of sovereignty to such states within an overarching power/development differential.⁶¹

In his recent work, "Beyond the Anarchical Society", Edward Keene⁶² also presents a cogent argument against the applicability of a "Westphalian" model to the "international order ...in the world beyond Europe". Arguing for the importance of the Grotian concept of "divisible sovereignty" and drawing attention to *two* historical international orders- one for colonies, one for European states- he concludes that the eventual subsuming of the two into a single world order, complicates the design and planning of effective goals and institutions. Keene argues that the resulting dual purposes of international order- toleration and civilization - are "fundamentally different" and "the effort to realize both at the same time has led to serious tensions or even contradictions in the internal structure of the contemporary international political and legal framework".⁶³ His study does

⁶⁰ David A. Smith et al: 1999 p.274f

⁶¹ Smith *ibid.* p. 14f.

⁶² E. Keene: 2002. p.145f.

⁶³ *ibid.*: p.148

much to elucidate the historical genesis of academic understanding of international order, but, in the short term at least will probably have little affect on the practical “playing out” of international affairs.

This is largely due to the fact that legal (de jure) sovereignty within the international system has been seen as an important foreign policy tool for weak governments, who often resort to “protest diplomacy” on the world stage. As Payne notes,⁶⁴ states perceive their independent status, no matter how apocryphal, as one of their few power sources, as both a “vote” and a “symbol” of their importance in and to international forums. Indeed, despite the continuing predominance of powerful nations with veto power in the UN, the increased membership of developing countries (DCs) in international bodies has had some effect on power-sharing – as witness, the recent removal of the US from the Human Rights Commission of that body⁶⁵ as well as the collapse of the WTO interim negotiations at Cancun.⁶⁶

Coalitions of developing countries with transnational pressure groups (including those “civil society” demonstrators who have adopted and adapted Third World causes in their protests in Seattle and other venues) have also succeeded in reorienting international agendas to a certain degree. Such proactive initiatives have proven a significant factor in encouraging a move towards improved transparency and consultation procedures within regulatory bodies (such as the GATT/WTO/IMF).

⁶⁴ Anthony Payne: in Jackson 1995. p.273f

⁶⁵ BBCnews online: “US Thrown Off Human Rights Body” May 03, 2001 describes vote against American inclusion on the 53 member body as “a surprise given America’s arm-twisting power”.

⁶⁶ See http://www.wto.org/english/thewto_e/minist_e/min03_e/min03_e.htm;
<http://www.wdm.org.uk/cambriefs/wto/postcancun.pdf>

Trade and Development

These observations bring into consideration the interactive role of stakeholders, states, and institutions/ regimes influencing North-South relations within international agreements for development. Though most theorists accept the basically anarchic nature of IR, many also appreciate the importance of cooperative arrangements in providing guidance/regulation to the conduct of international affairs. Organizations and negotiations for international development partnerships based in trade agreements offer a rich field for studying the institutionalization of cooperation.

As Stanley Hoffman observes in his introduction to the 1995 re-release of Bull's "Anarchical Society", the author is particularly interested in "things other than the relations of power". His international society approach thus offers openings for the patterns of order generated by diplomacy and international law, as well as the common norms and interests resulting from these interactions. Hoffman maintains further that Bull is interested not so much in pre-judging the importance of the social aspect of these relationships, but rather in investigating their importance in informing and shaping the outcomes of cooperative efforts.

Others also offer their interpretation of cooperation mechanisms. Keohane⁶⁷ defines *regimes* as "sets of implicit or explicit principles, norms, rules and decision-making procedures around which actor expectations converge". Ruggie⁶⁸ refers to "social institutions" as a point of convergence and notes the "inter-subjective" quality of regimes, whose "generative grammar" provides the

⁶⁷ Robert O. Keohane: 1982. p. 325

⁶⁸ John G. Ruggie: 1982. p.380

“language of state action” and “shapes the manner of their formation and transformation.” In addition to instruments and structures, ideas are also studied as influential in generating cooperation. As Wendt has observed, social structures depend on ideas and “are defined by shared understandings, expectations or knowledge”.⁶⁹

In a similar vein, while admitting that isolating ideas as causes remains problematic, Craig Parsons⁷⁰ makes a strong argument for the importance of the “ideology of integration” and its “community model” as a main determinant of the modern configuration of the European Union. Noting that while structuralist/neofunctionalist theory does offer some insight into EU development, he contends that it was (particularly French) leadership that used its authority and preference for the “community model” of cooperation to push forward a particular agenda for integration. He concludes that the final direction for early cooperation was then chosen because certain leaders took advantage of “epochal moments” to advance a “contested ideological agenda past their divided compatriots”. Most pertinently to the research to follow here, he also notes a general aim for further work in this area, asserting that if his methodology/study of a particular historical/ideational process attains academic acceptance, it will help close the gap between objective-interest and ideational theorists, to encourage a common tackling of the challenges offered by “boundaries and interactions” among “structural, institutional and ideational causes” for political mobilization.⁷¹

⁶⁹ Wendt: quoted in Jackson and Sorensen: 1999. p.239

⁷⁰ Parson: 2002. p.48f.

⁷¹ *ibid* p.78

To sum up our discussion of various schools of thought, we may conclude that, out of the multiple post-war permutations of power, a new world order is emerging that cannot be easily slotted into existing international relations and trade theories. The broadening of access to modern communications and technology, through joint ventures and transnational corporations, has helped shift the balance of power internationally, and encouraged inputs from non-state actors. Inter- and intra-firm transactions have changed not only commercial practices, but also patterns of capital investment and the practice of both domestic negotiations and international diplomacy, which increasingly involve business as well as political allies. The cross-border activities of multinational enterprises have contributed greatly to the emergence of global trade competition, with these firms acting as both adversary and partner in national spheres of influence.

The consequences of the extension of power to such diverse agents are difficult to assess. The expansion of transnational corporations and the mutual but unequal interdependence of nation-states - many of which are recent arrivals on the political scene - also give great importance to examinations of how the relationship between politics and economics expresses itself on the international stage. While states may still remain the core decision makers, their independent powers are limited both by their relative economic strength and by a concert of elite domestic and international actors. The intermingling of political and economic motives, and the informality of regulatory processes offers a wide scope of development options.

How then will the new world order be arranged?

Rosenau suggests: “what drives the emerging epoch consists of complex dynamics which spring, in turn, from numerous sources and cannot be traced to a singular origin”.⁷² In the long-run, what we know as states today may be considerably transformed, both in substance and in relation to other “ethnoscapes, financescapes, ideoscapes... technoscapes and indentiscapes”, but states will remain as political entities “for the foreseeable future”.⁷³ This will leave openings for all participants, but particularly statesmen, to affect the design of future rules and relationships. Leadership and the exercise of “statescraft” are an integral part of the International Society model, and Bull in particular stresses the responsibilities and moral choices exercised by national leaders in assuring optimal results. International Society theory also brings a pragmatic consideration of the world political system as a “world-wide network of interaction” that includes actors “above and “below” states proper.⁷⁴

It is assumed in this dissertation that states remain the central actors within the system, since these institutions/organizations / regimes (ie UN/ WTO/ NATO/ Bretton-Woods /GATT) are devised and controlled by states’ participation. However, we must also recognize the influence of conflicting views of the importance of power differentials and hegemonic influence within the modern state system in designing the framework for, and assuring the persistence of, such activities.

⁷² James Rosenau: 2000. p.15

⁷³ *ibid* p. 10

⁷⁴ Bull: 1995 p.356f.

Gilpin, Kindleberger and Keohane⁷⁵ have advanced various theories of the fungibility of power necessary to enforce hegemonic stability. The importance of this argument for International Political Economists (IPE) lies in its connection of markets and governments in the provision of public goods on a global scale. (This issue was examined in more detail in Chapter 2.) There are, however, still many “gray” areas in research, concerning both the necessity of a hegemon to maintain international cooperation, as well as the effectiveness of hegemony in the post-Cold War period. Keohane concludes that, while strong leadership/enforcement may be necessary to establish and institutionalize cooperation, the resulting regimes then acquire a power of their own and can withstand the loss of a hegemonic promoter.⁷⁶ What remains problematic, however, is the role of dominant powers in defining the rules to reflect self-interests, and the representation of smaller powers’ concerns and their cooperation in maintaining such arrangements. The extension of the European model for development through regional cooperation into a large section of the developing world⁷⁷ makes the negotiation of developmental partnerships an important area of study, as the power differential is placed in direct juxtaposition with an expressed ideological commitment to a developmental world order. Examining the process of defining and implementing such an order may well greatly improve our understanding of the actual process of change and cooperation among unequal partners, as well as identify important strategies for improving the democratic procedures underpinning partnerships in both regions.

⁷⁵ see Jackson and Sorensen: 1999. p.191f

⁷⁶ *ibid.* p.195

⁷⁷ via the regionalized Economic Partnership Agreements

Certainly many researchers have questioned the ability/will of international institutions to represent the interests of developing countries. Neuman⁷⁸ compares the view that there are *two* international systems, which do not share common political norms and practices, with the opposing notion that the very difference of opportunity and capacity that divides “First” world from “Third”, also should make developing countries an integral part of an interdependent system. She notes that many Third World theorists have adopted realism’s basic premise that power drives North-South relations, (i.e. dependency/world-system theorists). On the other hand, other authors such as Puchala and Holsti refer to the strength of cultural and ideational explanations to assert that classical power paradigms and structures have little relevance to the continuance of a “Third World”.⁷⁹

The particular commitment of the EU integration model to addressing the social repercussions of economic measures offers an alternative to neo-liberal/free trade solutions, which invest the market with a ability to single-handedly “level the playing field”. Therefore, a study of just how effectively social cohesion can be transmitted through a regional model for trade cooperation may point up many of the factors critical to establishing an international order which encourages a truly developmental climate for global exchange.

The history of North-South relations certainly reflects something of both market-led and social cohesion influences. A “snapshot” of development regimes indicates that *modernization*, with its Euro-centric prescription for linear progress dominated early development projects, but was followed by programmes which, in

⁷⁸ Stephanie Neuman: 1998. p 4f.

⁷⁹ *ibid* p.15

theory at least, showed some altruistic commitment to institutionalized non-reciprocity and aid packages to address Third World “underdevelopment.” Over time and in different areas, *Dependency/world-systems/New International Economic Order (NIEO) theories*, which were developed mainly in the South and/or by supporters of N/S equality of opportunity, gave support to “infant industry”/import substitution models, which spawned a mix of modern programmes of “progress” through industrialization and projects for “de-linking” from the dominant North. Finally, numerous neo-liberal, multilateral trade regimes for development have combined to offer a mix of mercantilist and liberal-democratic measures, which now offer the Third World a “partnership” arrangement in sealing their own fate. (This discussion of development policy/theory will be further advanced in the context of the EU-ACP relationship, in Chapters 4 & 5.)

There is of course the argument that the widespread persistence of inequality of both access and outcome indicates that, in every scenario so far, “the rich get rich and the poor get poorer”. This is variously attributed to inherent hierarchical *structures* and/or the success of Eurocentric/hegemonic *ideology* (informed alternately by (neo)Marxist or (neo) Liberal knowledge systems and complicit regimes) in completely undermining the ability of participants to devise and promote successful alternative strategies. However, an opposing approach, which takes a more differentiated view of power, would argue that rules-based, numerically representative international institutions have taken on a life of their own, and human cooperation could (and should) challenge and transform the very rules and regimes that connect North with South.

It is certainly beyond the scope of this paper to adequately justify such a “Utopic-idealist” prediction. Even within a relatively open, constructivist methodology, the interdependence of factors and circularity of interactions would result in a teleological debate at best. However, the kernel of such a justification lies in the paper’s acceptance that the *feedback between ideas and institutions can result in change, and change can be directed by conscious agency.*

Development and Partnership

One of the critical factors in revitalizing the development debate in this era of free trade has been the question of growth/market integration and coherence of economic and social measures.⁸⁰ This makes the role of donor countries, and particularly their attitude to equality, instrumental in the design and implementation of a trade and development regime that will fulfill the needs of all its partners. While the powerful donor nations have so far predominated in the design and operation of trade regimes, the increased openness of recipient countries and their participation in international trade may combine with an improvement in donors’ appreciation of the implications of integration into liberalized markets, to build capacity for more equal opportunities, via the realization of a rules-based, transparent and accountable world trade organization, which allows better representation for all interests.

Counselling such an activist strategy for North-South development planning through trade processes necessitates the discussion of other arguments for states

⁸⁰ e.g. links between economic growth-social inclusion/poverty eradication; export production-food security etc. – See Chapt. 2

remaining at the center of international relations. First of all there is the question of **justice**; secondly of **order**.

Justice:

The concepts of both *commutative* and *distributive* justice should be considered in the context of linking trade, human rights and development.⁸¹ International justice is commutative, in that it is premised on the legal equality of states, the human rights of citizens, and principles of non-intervention in domestic matters that do not infringe on other territories or the rights of third parties. While international state-based institutions, such as the WTO, UN and international courts, may provide part of the regulatory framework for IR, thereby satisfying the demands of commutative justice, there is so far no comparable formalized regime agreed for providing international public goods or regulating distribution. Trade in goods, which is only part of a market mechanism unfettered by currency regulation, remains subject to numerous distortions (through multinational enterprise's manipulation of the system, as well as state-based measures such as non-tariff barriers, subsidies etc.) and cannot fulfill the role of just (re)distribution of costs and benefits between nations. Yet, it is just such a *distributive* mechanism that is essential for the attainment of any equality of access to the public goods so essential to development. Therefore, states must, for the time being, remain the agency for distributive justice – despite their eroded ability to provide it.

This paper assumes that *order* (organization/stability) in international relations is maintained through a tradition of inter-state diplomatic activity, bolstered by the institutionalized, *shared* appreciation of values and norms: a loose arrangement of

⁸¹ Jackson and Sorensen: 1999. p.156f; Jackson: 1993. p.180f.

governance based on both cooperation and competition. The most widely recognized and well-developed international institutions are those regulating trade, an essentially competitive activity. This is probably attributable to the increasing importance of world trade activities, based in global markets and production systems, but penetrating deeply the domestic affairs and well-being of all nations. Technological advances- in communication, transport and production methods- continues to shrink distances, both cultural and spatial, and such “progress’ is unlikely to slow in the foreseeable future. Increased sharing of human and physical resources, transnational issue identification and a growing conflict between integrating and fragmenting impulses, is evidence of a deep disenchantment with traditional socio- political arrangements and persistent economic inequality.

Part of the solution to these social tensions has been a series of complementary trade and development initiatives,⁸² which link liberal markets to a complex, but loosely defined set of political conditionalities. These are subject to the regulations of the General Agreement on Trade and Tariffs (GATT)- World Trade Organization (WTO) regime. This is, essentially, a states-based arrangement, with all the attendant positive and negative attributes of a large and diverse body. It has legitimacy because of its wide membership and its exhaustive and continually more extensive network of rules and regulations, governing such a complex facet of international relations. The GATT/WTO framework provides a basis for negotiation and conciliation, which offers some positive measure of stability and predictability for member nations. On the negative side, the diversity of partners,

⁸² i.e. New Economic Programme for Africa (NEPAD); ACP-EU partnership Agreement etc.

sectors and interests requires an enormous investment of time and resources for all partners.

These properties will contribute to the persistence of the state system and its trade institutions as basic components of world order. As Albert and Brock observe, our modern state system came about through the “territorializing of space” and our understanding of the importance of borders has deeply impacted on our ordering not only of states, but also of society and community.⁸³ There is a distinct element of path dependence to this process, as so much is invested in these arrangements, which are the result of a long history of negotiation and issue identity. There must be a strong tendency for such order to maintain and reproduce its’ essential self, even as some practices of the system change to accommodate each other.⁸⁴ Thus we may see a change in rules or in activities of the trade regime, but it is unlikely that we will in the foreseeable future see a drastic change in basic framework that regulates North-South trade. We may, however, see a change in the practice and operation of the institutions, as well as the values that inform their decisions.

There is some evidence that a gradual transition is taking place in the arrangement of *governance* of trade measures, which is reflected in a reorientation towards regional regimes, both within federated states and between traditionally sovereign states, particularly in the South. Though the two processes of regionalization (inter-/intra-state) have certain commonalities, this paper will concentrate here on regionalism as a development strategy, based on regional

⁸³ Albert et al: 2001. p29ff.

⁸⁴ see Ruggie: 1982; Smith 1999. p.8f.

cooperation of states for capacity enhancement aimed at gradual integration into global markets.

Already we can see the transformation of international relations in the emergence of a “middle layer” between national and international bodies, filled by numerous regional groupings and more or less formalized cooperative arrangements.⁸⁵ These often act as *mediators*, as well as experts and consulting bodies in trade negotiations for binding contracts, though these are still so far officially signed by states. Though many countries have ceded some powers (most particularly in foreign policy and trade coordination) to regional entities, state governments and leaders provide the baseline legitimacy of regional policy. They may value the increased bargaining power and technical capacity offered by regional cooperation, but few⁸⁶ have ceded significant control of national processes to regional bodies. Indeed, rather the reverse is true as the majority depend on state councils as their ultimate authority. Thus, some cooperative transfer of instrument design is evident in regional development, but effective control of process and outcomes has not been removed from national oversight.

The breakdown of classical relationships and the emergence of a plethora of new actors - in both public and private sectors - also necessitates an interest in the role of the “less powerful”, those who are on the “receiving end” of development initiatives. Social and political interaction is decreasingly limited territorially and

⁸⁵ 1999 WTO stats. note a 250% growth in RTAs from 1990-1998; 76% of WTO members were members of 1 or more RTAs in mid 1998; new agreements continue to be signed, many of which overlap and/or are interlinked across many countries at different levels of development; see: Crawford and Laird: 2000. “Regional Trade and the WTO”; CREDIT Research Paper # 00/03 <<http://www.wtowatch.org>>

⁸⁶ one might even venture none, despite the growth of EU cooperation, which is still constrained to a significant degree by national priorities

classical perceptions of national sovereignty are challenged by the contradictory forces of economic cooperation and competition.

As Higett, Hampson, Pratt, Wood ⁸⁷ and others have commented, those who seem to be peripheral players on international stages are actually not just subject to the main action, but also have a role to play as agents of change. Having participated in opening markets, as “third parties” in an often-conflictual trade climate, small nations often are victims of the interests of stronger negotiators. Many theorists therefore argue that, despite their small size, peripheral states can - and should - mediate decisions on international trade and development policy. While it is perhaps overly optimistic to predict that developing nations will, in fact, assert a definitive influence on the formulation of new policies and institutions without the cooperation of more powerful states, it is also true that a deterioration of global bodies would negate many of the initiatives in progress to strengthen national capacities. As Nayyar notes, the potential institutionalization of global governance through the strengthening of bodies such as the WTO, “may create new, unintended opportunities for weaker players to modify the rules to better reflect their interests.”⁸⁸

Formalized global governance structures can open great potential for collective action and redress, and the developing countries active participation in this process can offer unique opportunities for forging productive alliances across borders and interest groups. Ernest Obminsky, studying multilateral diplomacy practiced by developing countries, observes that action within the framework of the Non-

⁸⁷see Craig N. Murphy & Roger Tooze: 1991; p.109ff

⁸⁸ Nayyar: 1999, p.9

Aligned Movement and the Group of 77 has allowed the developing countries to reach consensus opinions and “use the potentialities of their superiority” to “display much persistence in enhancing the role of those forums and agencies...in setting up new bodies where it expects to achieve success and in strengthening its influence in the major institutions embodying the ‘old economic order’.”⁸⁹

Therefore, formal international (and regional) forums must take on responsibilities for mediating and informing public opinion on future options for development. Though the new world order operates without any overarching political institutions, it is (as mentioned previously) subject to a “governance without government”⁹⁰ - an international consensus-making process, which involves all political actors in a variety of forums to regulate and link policy-making options. National representatives at these forums are often expected to represent views that go beyond domestic interests. Shared values and issues, as well as a variable amount of altruism and “enlightened self-interest”, therefore, must impose limits on the egotistic rationality of classical economic motives. The most notable responses for the aggregation of common interests has centred on trade bodies, such as the GATT and the WTO to help regulate distribution, and also on NATO and the UN to oversee social and political issues.

These bodies have not been endowed with the resources to ensure compliance with their directives - even the WTO’s more recent tribunals to regulate trade policy depend on the parties’ recognition and compliance, rather than any substantial institutional powers - and nationally elected actors still effectively

⁸⁹ Ernest Obminsky: 1987 p.78f.

⁹⁰R. Stubbs & G.D. Underhill (eds.): 1994. p.49

maintain their key positions in international affairs. Nevertheless, there has been a certain institutionalization of cooperation procedures that provides a basis for world order.

In conjunction with research on roles and institutions in international governance, modern studies are also justifiably focused on the “paradigm shifts” that continue to effect the world political economy. To return to a previous observation, political and economic decisions are increasingly more complicated in contemporary international society, to the point that there can no longer be any meaningful separation between the two domains.⁹¹ Economic processes and structures are “the results of political interactions”, and markets are “political devices” which play a crucial role in structuring both domestic and international society. Indeed, several theorists stress that the central issue of international political economy depends on “the interaction of a transnational market economy with a system of competitive states”.⁹²

Civil Society

However, individuals also have an important role to play in determining just how power plays out in both local and global forums. It is important to consider a less formalized institution, which has taken on increasing importance in national and world affairs: that is *civil society*. The concept of *civil society*, as a sector acting in concert with, or in opposition to, government and business within the nation-state has become increasingly important to development theory in recent years. It is indeed an idea with an impressive history and our understanding of both

⁹¹ G. D. Underhill: *ibid*: p.18f.

⁹²see: Robert Gilpin; Immanuel Wallerstein as cited in Stubbs (*ibid*) note 13 p.39

who constitutes this sector and what its role is or should be, has undergone a number of changes over time.

Civil Society (CS) now generally refers to that wide range of organizations and institutions which operates outside the realm of the state. Though in classical political philosophy, the term was used to refer to the locus of moral authority, within, but above and beyond the laws of state, later theorists, such as Paine and Hegel, used the expression to refer to a sector parallel, but separate to the state. For a number of years, the concept fell into disuse, but was revived in the postwar years by Antonio Gramsci, who described CS as a sphere of independent political activity, which was crucial in the struggle against tyranny. His CS occupied a “terrain” where citizens could fight the capitalist forces of the market and government.

Both these basic elements- of moral authority and opposition- have influenced our modern understanding of what constitutes *civil society*, which many identify, in a very Eurocentric, modern way, as the seat of all good things, such as freedom, culture and the protector of civil rights, often the regulator of unruly government. What we in the North and West identify as a *liberal democratic state* makes strong demands on its citizens and its practice exerts enormous influence on their socialization. In such regimes, the state rules in the name of the very citizens it shapes. The liberal democratic state’s own success, then, depends on its ability to create a community of citizens equal to the task of, essentially, “ruling themselves”, according to liberal democratic principles, which must exist independently of, and

as a countervailing culture to, other, individually held, cultural, religious and ethnic values.

This community of citizens forms, in the widest sense, *civil society*. Their participation in a varied network of civil associations within the state serves to support, promote and regulate the positive goals of democracy and civil rights. Two main streams of thought then influence what groups we would tend to include within this sector. Positing CS as a largely apolitical and voluntary “policeman of polity”, associational arrangement, one view of *civil society* (by such theorists as Toqueville and Putnam) presents it as a benevolent common good and an essential ingredient of democratic society.

However, many other theorists, following Gramsci’s lead,⁹³ have also stressed the importance of considering Civil Society as a *counterweight* to the state, particularly in models other than democracies. This presumes a completely different association and interaction between citizen and state and more activity outside the official political sphere for CS organizations, which emphasizes the conflictual potential of citizens’ networks.

Both views give rise to a number of definitional problems. Where do we draw the lines in defining *who* belongs to civil society? Can we separate civil from political society, and the business sector from the voluntary? What is CS’s function and how can it maintain an autonomous identity outside the political process and rent-seeking special interests?

⁹³ particularly in Eastern Europe: see for example works by Adam Michnik ; Jacek Kuron

As Foley and Edwards⁹⁴ note both points of view reflect particular contexts and “to understand the role of civil society in the modern world, we must discern how and under what circumstances a society’s organized components contribute to political strength or failure”.⁹⁵ Anthony Judge also warns that we must not assume that a common understanding of this concept exists either within or between any given cultures, and even suggests that some of its value as a concept may be ascribed to this very ambiguity. He notes the lack of common definitions of even the terms we use to describe the groups we might include (such as “NGOs”, “non-profit sector” or “charities”), and remarks that the exclusionary nature of these terms is very important to how we view Civil Society.⁹⁶ Do these terms include trade unions? professional societies? cartels? The contradictory nature of CS theorization is implicit in the studies Foley and Edwards cite and both authors go on to suggest further research on the management and distribution of social power and the ways in which political context shapes CS-state relationships, as well as how democratic governance is tied to our concept of association and activism.

However vague our understanding of the composition of Civil Society, the broad concept plays an important part in discussions about inclusionary development. It is generally accepted in recent development discussions that including CS in political and economic decisions should show some positive benefits. Carothers⁹⁷ has made a valiant attempt to synthesize the various strands of

⁹⁴ Michael W. Foley and Bob Edwards: 1996 p. 42f

⁹⁵ *ibid* p.45

⁹⁶ Anthony Judge: 1994, p.1

⁹⁷ T. Carothers: 1999 online <http://www.globalpolicy.org/ngos/civsoc.htm>

thought into a meaningful concept. He notes that, in the 90s, CS has become the symbol of social renewal. It is composed of a varied collection of advocacy and interest groups (benevolent and otherwise), which has grown in tandem with globalization. The growth of an information society, which has improved both education and communication, has empowered citizens and strengthened the networks linking them, while at the same time shrinking the capacity of state governments to fulfill their demands in a number of areas. Thus, while a strong civil society may support democracy, it may also reflect a political weakness (such as in Weimar Germany), or even cause a breakdown of the democratic process through “demosclerosis”, which chokes the workings of representative institutions and distorts policy outcomes. Citing the differing situations of Bangladesh, which has a strong CS and a weak economy; and Korea, which enjoyed relative prosperity, despite a weak CS, he observes that, while there may not be a causal link between economics and a strong CS, civil society can be natural partner in economic development, strengthening resources and reinforcing development. Outside dictatorships, it is also true that CS seldom adopts an adversarial political position, but rather reinforces the working of the state, which maintains its support by transparency, consultation and funding.

Cooperation and Change

This section will discuss the role that the identification and overt recognition of core values and norms should play in directing change in development models. Such a process would be quintessentially dependent on the cooperative interaction of the international state-system with an international society element.

In his philosophical study of the relationships between “liberty”, “autonomy” and “equality”, as principles critical to democratic process, Richard Norman⁹⁸ advances an argument for the interconnectedness of these three key values, through a “collective autonomy” that is embedded in a communitarian contract for cooperation. Noting that this argument depends on a “strong notion of cooperation”, he goes on to stress the importance of active citizenship exercised through “intermediate associations”. These interactions, taking place within multiple, overlapping social groups, help mediate between citizens and the wider community, a process that encourages collective control over common issues. He advances a persuasive argument too that social cooperation in the larger, more complicated modern world must still rest on the critical principal of equality as *the* philosophical condition of democratic interaction. The political philosophy based on Norman’s portrayal of a basically “morally cohesive” community, to which even the most committed “market-driven’ participant appeals for “solidarity” and communal loyalty” in times of crisis,⁹⁹ forms the background for my concept of the international social contract necessary to development, through multi-level/-sectoral state and civil society cooperation.

Equality:

Intimately connected with the principle of justice/fairness is the critical value of equality. No discussion of the concept of development would be complete without a discussion of the role equality might or should play in defining

⁹⁸ R. Norman: 1995. p.vi, 88f

⁹⁹ *ibid*: p.104

international relationships. As Wilkenson¹⁰⁰ suggests, in a modern political context equality is fundamental, with the interests of all members of a society officially having equal value. Indeed the principle of equality is closely linked to fairness and justice, which are also instrumental in promoting social goods and cooperation, as well as improving the efficient operation of markets and government through the maintenance of peace and public order. This author concentrates on evaluating what an “acceptable price” for equality might be in different domestic situations (ie in labour markets). Rees also refers to “conventional equality”¹⁰¹ as an important, normative ideal in political life, and as implicitly dependent on political rights, which “are an essential means of ensuring that rulers promote the interests of their subjects.” However, he too draws attention to the connections between political and economic structures in determining effective equality of access to the benefits of social and economic interactions, and the importance of the resulting *inequalities*, which “stir men to protest”.

Larry Temkin¹⁰² carries the discussion further, stressing the transformative power of the equality/inequality debate, situating the concept within a larger philosophical context, as a “complex, individualistic and comparative notion”. He notes that differentiating between *formal* (universal) and *substantive* (limited) principles of equality is not always helpful in operationalizing or evaluating the concept, and suggests instead that analysis be concentrated on three aspects of equality: *as universality*; *as impartiality*; and *as comparability*. This author makes

¹⁰⁰ T. M. Wilkinson: 2000. p.59

¹⁰¹ that is equality which depends on social consent /human intervention promoting equal rights and privileges: See Rees: 1971. p. 16f

¹⁰² in Sosa and Villanueva: 2001. p.327ff.

a special effort to distinguish between *instrumental* and *non-instrumental*¹⁰³ egalitarianism, observing that failure to see the two as reflecting fundamentally different concepts leads to difficulties in evaluating the nature and value of equality in a social context. Citing Amartya Sen's views on contemporary morals, he observes that, while most admit to the desirability of the first two, the third presents problems, as many are reluctant to make a "further, deeper commitment to...equality as comparability": that is the fundamental concern for "how people fare relative to others".

Equality is certainly one of the core democratic values, which has been increasingly prevalent across both political and economic regimes, as the post-war "welfare state" made more egalitarian social and economic rights part of the acceptable norms for democratic societies. Internationally, increasing equality – more often referred to by economists as "decreasing inequality" – has also certainly been one of the preoccupations of trade and development models. However, whatever the rhetorical commitment of development practitioners, in practice, inequality is growing within and between both developed and developing countries.

Diplomacy, Negotiation and Rules-based Institutions:

This section draws together the various seminal concepts above in a discussion of the important role diplomacy and negotiation plays in defining common goals and instruments for international relations. In considering the relationship between state-system and society, International Society research evinces a seminal interest in the process of global norms identification and institution-building. There is also

¹⁰³ instrumental: equality is valued for its role in promoting other goods/ideals; non-instrumental: equality is a distinct fundamental ideal, with independent significance. See Temkin: *ibid.* p.332f.

a significant body of research that focuses on the role of diplomacy and negotiation in sustaining international order through the promotion of regular forums for cooperation. Our acceptance here of some level of common values and norms forms the basis for an examination of institutionalized cooperation for the ordering of development.

Hedley Bull devotes considerable space to discussing the importance of diplomacy to international order.¹⁰⁴ Building on the Oxford dictionary definition of diplomacy as: “the management of international relations by negotiation: the method by which these relations are adjusted by ambassadors and envoys; the business or art of the diplomatist”- he traces its history through the traditional relationships of sovereign states to link it also to the interaction of “representative organs”. Bull insists on that the “highly-institutionalized diplomacy” in operation today “presupposes that there exists not only an international system but also an international society...[underpinned by] complex rules and conventions”.¹⁰⁵ He outlines the traditional functions of diplomacy as being: communication, negotiation, information-gathering and, most importantly, the “minimization of friction” between parties. Bull also notes its action as a symbol of the existence of international society, and a tangible evidence of the rules governing it.

Barbara Koremenos¹⁰⁶ observes that given the widespread evidence that international cooperation is often achieved with great difficulty, “understanding how states manage to bring about formal cooperation embodied in international agreements is of both theoretical and practical interest.” While this author discusses

¹⁰⁴ Bull: 1977. p.156ff

¹⁰⁵ *ibid* p.161

¹⁰⁶ Koremenos: 2001. p.289

negotiation from the background of international law, a variety of disciplines have tackled the issue from other perspectives.

Richard Steinberg¹⁰⁷ carries the concept into the area of consensus-based bargaining under the GATT/WTO decision-making rules, to consider the influence of different types of power-/law based processes on the operation and outcome of international negotiations. Steven Weber¹⁰⁸ also writes persuasively of the institutionalist approach to change (which is reminiscent of IS thinking).

Challenging the view that states pursue mainly *self-interested* (realists/rationalists) or *self-identifying* (relativist) goals within the international system, he depicts state strategy as *purposeful*. He notes that such a sense of purpose goes beyond mere interests, as it is “infused by ideas, values...and by the manifestations of cognitive structures”, giving states a certain amount of autonomy in changing their goals, *despite* as well as because of their exogenous environment or “socialization”.

Weber stresses the importance of institutions in not only in carrying out states’ goals, but also in affecting and changing states’ purposeful behaviour. This puts institutions in the privileged position of influence, but it does not prevent states and governments as rational actors, from questioning and contesting the very regimes they design. As this author concludes:

Institutions are contested, their shape and the distribution of power therein always subject to dispute and renegotiation. There is constant pressure from individual interests, which in principle can undermine just as easily as reinforce the patterns of behaviour and interaction that are institutions.”¹⁰⁹

¹⁰⁷ Steinberg: 2002. p.339f.

¹⁰⁸ S. Weber: in Doyle and Ikenberry: 1997. p. 229ff

¹⁰⁹ *ibid.* p.236

This notion of “purposefulness’ (for lack of a better term) could justify a prescription for Developing Countries that privileges an activist and dynamic stance in international relations. Such a strategy, based on cooperative procedures and rules-based institutions, might well offer the best option, particularly for small or weak states, whose main power-source rests on their vote and symbolic statehood. The remainder of this chapter then will focus on the possibilities for effecting such *systemic* (rather than system) change¹¹⁰ in North-South relations, as expressed in trade and development models.

A Developmental Model for North –South Relations: Theory to Practice

This leads us to a discussion of some prescription for the evolution of international society’s regimes to reflect and promote development priorities. Such a project would involve a redefinition of international relations processes, through a transformation of ideational goals, institutionalized practices and the realization of cooperative procedures at many levels. Here we must consider that ideologies and explanatory paradigms often prove to be self-fulfilling prophecies. Therefore, it is important to provide the intellectual and practical underpinnings that will drive the process forward.

If we return to the view that we are dealing with essentially diverse worlds locked in one system, we must accept that different experiences of both the theory and practice of international relations may well have engendered quite different discourses and expectations of its institutions. Therefore, any new model for trade

¹¹⁰ “systemic change = change in the governance of a system, rather than change in the distribution of power/prestige or rules and rights embodied in the system. See: Weber: op cit p.74

and development must recognize and reconcile the specificity of development experience and process.

A “developmental” model for North-South relations can be understood to entail a regime for trade organization that, as the prime locus for development initiatives, recognizes the political, economic, and socio-cultural specificity of development, as well as the historic antecedents of trade and development cooperation. While recognizing diversity, however, it would also ensure a basic degree of justice and equality under law, and provide an adequate and accessible disputes settlement mechanism, which is based in transparent and accountable institutional mechanisms. Such a regime/institutional framework would be based on a differentiated and flexible set of instruments that would support and encourage equal opportunity and access to national, regional and international common goods.

There is little evidence that free trade can by itself provide such results. Therefore it would be up to any nascent “society of states” to cooperate in rationalizing and designing an international trade regime, whose ultimate mandate is to promote mutually defined development goals. The implicitly normative aim of such a model would be to realize, in the long-term, a more balanced and peaceful system for international relations, based on sustainable cooperation. While this may seem an unrealistic aspiration, the *length* of the recent US-UN debate on war with Iraq, (if perhaps not the final outcome) indicates so far a palpable global preference for multilateralism over unilateralism as well as a victory of institutional power over hegemony. This might then prove a good “jumping-off point” for an alteration of trade and development agendas.

At present, the predominant neoliberal trust in the “invisible hand” of the market to “level the playing field” falls somewhat short of a comprehensive plan for such a change. Too often, means (market liberalization) is conflated with ends (development), with the result that many are totally disenchanted with development partnerships and see little reason for examining too deeply the “root causes” of both conflict and persistent poverty.

Yet at the same time, there is also a overt linkage of ideological and development goals in recent trade negotiations. Trade measures are increasingly tied to the attainment of certain levels of human rights/democratic standards, and there are provisions made for the withholding of aid/trade benefits, if recipients do not observe such conditionalities. This can be seen in both a positive and negative light. It indicates, on one hand, a definite infringement of legal equality of states on the “receiving end” (ie DCs), which could be open to abuses of power, as donor nations have greater say in defining terms and conditions. However, it may also be perceived as a positive advance in the application of world society norms to protect citizens in states where leadership refuses to observe solidarist principles to pass on legitimate human rights to citizenry.

Whatever interpretation we may choose to put on the adoption of such measures, they do provide evidence of the strength of ideas and values in influencing the conduct of international trade. However, the institutions/regimes responsible for overseeing the design and application of such measures are neither designed nor sufficiently open to democratic influence to act alone as legitimate agents for all stakeholders.

Research examining how international trade and finance regimes might be redesigned to better fulfill their growing role in international affairs should greatly improve the ability of trade associations to make more effective development models an integral part of the market process. However, it is important to consider here both the *sources* and the *consequences* of the basic norms and values underpinning these regimes, if we are to determine how they might evolve. Regional cooperation, in its expression as a “mediating adjustor” may well provide the conduit for a change in the practice of international affairs, one that takes *partnership* as a seminal organizing principle for a new world order.¹¹¹ As more and more governments, particularly in the developing world, choose participation in cooperative initiatives (both state to state and region to region) as part of their transition/adjustment strategy, it is vital, therefore, to assess the effectiveness of regionalism as a development tool, as well as the critical role cooperation and negotiation procedures play in facilitating change.

Conclusion

This chapter has examined various theories of International Relations, stressing international society of states and complex interdependence approaches, which draw on both realist and idealist propositions to offer a solid explanatory base for regionalism/development processes. Drawing on a number of noted researchers’ work, it has considered regional projects in relation to globalization/glocalization trends, as state-led strategies to balance pressure for change from both domestic and international sources. Solidly linking development paradigms to not only

¹¹¹ This is an issue that will be taken up again later in the paper.

international economic processes, but also domestic political and social interactions, it has argued for a prescriptive, normative approach to international relations. A detailed discussion of seminal International Relations concepts has underpinned the assumptions that states continue to play an important role in defining development options and that state-led regional associations may adopt a seminal importance in defining the future of both national and international systems of cooperation and negotiation, to build a developmental world order.

Part One as a whole has advanced the case for a flexible, differentiated trade and development regime that favours an “equal partnership” approach to development planning. It argues for international economic and political relationships that draw on the synergies of both public-private cooperation and North-South negotiation of trade associations, which focus on developing capacity to effectively participate in global markets. The idea is promoted that resort to an equitable rules-based system that allows for flexible responses and dynamic participation in the international state system will form the backbone of a developmental world order, based in a social contract. It has also proposed a focal role for regional cooperation in realizing change to this system, noting the importance of regionalism as an ideological model for development cooperation based on the principle of subsidiarity.

As a consequence of the foregoing insights, I build my argument on the contention that the international state-system plays an important role in international relations, but should not be considered in isolation from other systems

and networks in determining future options for development institutions. However, instead of taking the common approach of fitting the information from these differing sectors into a uni-disciplinary approach, this project examines the multifaceted interaction of dependent *systems* (both structural and ideological) involved at several influential levels.

In the following case study chapters, we will build on this base to consider the evolution of cooperation initiatives both originating and taking place within CARICOM, as well as the cooperative mechanisms between the (developing) CARICOM region and the (developed) European Union. –All with a view towards reaching a better understanding of the diverse issues which feed into one another to shape our world and provide both challenges to the status quo and opportunities for change.

PART TWO: The Case Study

Negotiating Order:

Jamaica, CARICOM and the Cotonou Partnership Agreement

Chapter 4
Jamaica, CARICOM and the European Union:
An Introduction to the Case Study

As was established in the preceding chapters, the challenges that the members of the Caribbean Community face should not be considered in isolation from their history or from the network of political, social and economic interactions that form the global economy. In such a grouping of small open economies, development in general and economic well-being in particular is affected by both internal and external factors. It is important to put these in perspective when analyzing and designing development strategies.

To suggest a suitable model for cooperative development for Jamaica within the CARICOM grouping, this chapter will continue its examination of three levels of policy-making: the national, the regional and the trans-/ inter-national. Firstly, Jamaica will be examined as an example of the “national imperative” in development planning. The various aspects of this small island/ mid-developing state’s social and political economy will be discussed in relation to the theoretical approaches advanced in Part One, as will the history of its regional association, particularly within CARICOM and through its trade and development relationship with the African, Caribbean and Pacific (ACP) countries and the European Union (EU) under the Lome regime. Regional integration, development cooperation and international trade theory will inform this introduction to the historic acquis of this sui generis relationship, which will be analyzed as providing the background and knowledge/ideological basis of the successor Cotonou negotiations in the Chapter 5 Case Study.

Jamaica: the National Imperative

Jamaica has played a seminal role in the evolution of the Caribbean region over the years. Its influence on, and participation in, regional integration projects has been both positive and negative. Regionally, the failure of the West Indies Federation has been directly attributed to this island's refusal to participate, and domestically, the issue of regional cooperation has been a bone of contention in many a national election. However, the present government (led by the Peoples' National Party (PNP) in its third mandate) has actively supported the re-launch of the integration process through CARICOM and cites regional integration and the rapid realization of the Caribbean Single Market and Economy (CSME) as a "the only option available [to Jamaica] ...to face globalization".¹

There are a number of questions to be answered in relation to Jamaica's new interest in participating in and promoting regional initiatives, as part of a national development strategy. Some are more oriented to the theoretical: i.e. How much of the impetus to regionalism comes from a) external b) internal sources? To what extent are these sources complementary/contradictory to regional/national development? Others may focus on more practical aspects: i.e. Is Jamaica's "ideology"/expectation of regionalism coherent with the actual process of regionalization? Are there specific strategies/institutional measures that may be more advantageous to Jamaican development goals, within national, regional and or international contexts?

Some aspects of these questions will be considered here, while the remainder will be dealt with in the following case study section.

Jamaica (JA.) [see Annex 3: Country Profile and 3A: Map] has a mixed prospectus as far as "developmental" factors are concerned. Numerous approaches and statistical analyses are available to assess a country's development status and each may give a different slant on success or failure. On the positive side, since its independence in 1962, Jamaica has established a solid record as a democratic

¹ Anthony Hylton (Foreign Trade Minister) quoted in Gleaner, "Single Market on fast track" July 2, 2001

society, with high popular participation in elections resulting in the relatively regular exchange of power between two parties, the PNP mentioned above and the Jamaica Labour Party (JLP). Media are free, critical and generally well informed and a wide cross-section of civil society participates in a variety of active local and transnational NGOs.

As far as development statistics go, recent results offer moderate promise²: the Annual GDP/capita rose steadily from -1.7 % in 1997- to +1.7% in 2000, as did income per capita (from \$JA. 000 93.2 -114.6). Inflation has fallen from 9.2% to 8.8% during the same period. Enrollment in educational institutions also augmented; life expectancy and live births per thousand figures remained steady, as did maternal mortality.³ This reflects the government's commitment to design policies that will "transform the economy into a more dynamic, efficient, globally competitive economy in which growth and employment creation is the bedrock for improvement in living standards".⁴ However, while Jamaica continues to fulfill basic economic and political requirements, scoring reasonably well in cross-country corruption studies and governance "scoreboards" (reflecting continued reforms aimed at transparency and accountability in key public/private sectors), an aura of pessimism continues to hang over the country. The following concerns/statistics therefore justifiably offer a more pessimistic view of Jamaica's future.

Riots and social disturbances associated with crime and deteriorating economic conditions are increasing due to the inability of government to respond to the dual challenges of economic and social decay. This has a potentially great impact on the type of local and foreign direct investment so essential to economic growth, so crime and violence remain a critical area for attention. The persistence of "garrison constituencies"⁵ is particularly disturbing in this context. High murder tolls and rumored affiliations of partisan "dons" to both the political process and foreign

² see further statistics Annex 4: Country Profile; GINI Index hovered around 3.79 in 2000.

³ stats are cited for period of case study; updated figures are available through STATIN <http://www.statinja.com/> or PIOJ <http://www.pioj.gov.jm/default.asp>

⁴ see "Economic and Social Survey Overview- 2000"@ pioj

⁵ particularly in the inner city where gang and criminal activities are identified with party politics

drug cartels has combined with criticisms of harsh policing and prison conditions to undermine confidence in local security and stability.⁶

In many social and economic areas, there have been some serious slippages in general welfare standards. Over the long-term, sustainable economic growth has proved an elusive goal for this lower middle-income country. Following relatively favourable results in the 1960s, macroeconomic stability has proved difficult to attain as the country has failed to improve productivity and develop new sources of growth to replace non-competitive traditional resources. Debt servicing remains a major drain on scarce revenue resources and attempts at structural adjustment, aimed at privatizing/improving productivity in the public sector have not had the desirable effects. Indeed, many suggest that social infrastructures continue to suffer the after-effects of poorly planned “structural adjustment” measures imposed by the IMF agenda in the Nineteen-Eighties.⁷ As a result of these largely externally dependent budgetary restrictions, inequality of access to limited public services remains a serious problem, particularly in rural areas.

In addition, while there has been a noticeable decline in the incidence of poverty between 1996 and 2000,⁸ the figure is still higher than in 1988. Growing urban ghettos breed crime and unrest, but poverty numbers are even higher in rural areas⁹, which are particularly vulnerable to the constraints of a limited budget for safety nets and social services; up to 30% of the population suffer from malnutrition. The level of inequality (with the GINI coefficient consistently around 0.38 throughout the 90s) is also cause for concern, as surveys indicate that wealth disparities (though still within world averages) are widening. According to the 1999 Survey of Living Conditions, the wealthiest 10% of the population consumed some 12.5 % more than the poorest 10%; this reflects a rise in disparity from 1998, when the figure was 11%.¹⁰

⁶ see EU Country Strategy Report p.20

⁷ Elsie Lefranc: 1994

⁸ EU Country Strategy- National Indicative Plan p.19

⁹ 69% of JA.s poor live in rural areas: EU Country Strategy Paper

¹⁰ figures cited from NIP for EU-JA. 2001-07; statistical surveys are conducted regularly and updated figures are available through STATIN <http://www.statinja.com/> or PIOJ <http://www.pioj.gov.jm/default.asp>

The Best-Laid Plans...?

This country's failure to fulfill the early promise of its post-independence successes and its continuing disappointment of consumer's expectations have led to a spiraling disillusionment with the political process, not only among the poverty-stricken, but also throughout the business community. As the development "disasters" of the 80s "Washington Consensus"- based programmes demonstrate,¹¹ there are a number of factors, both external and internal, that feed into the success/failure of national development planning. The whole debate surrounding stabilization/structural adjustment programmes illustrates that long-term planning is, firstly, complicated by the lack of adequate data and situation-specific studies, as well as inconclusive general information on effective processes.¹² In this context, we may also refer to Court and Young's extensive case study to note the importance of pursuing more systemic research on the linkages between research and policy dynamics, in order to more successfully address the impact of national macro-political factors and the influence of external actors on policy formation and implementation.¹³

Both Sutton¹⁴ and Downes¹⁵ remark on Jamaica's relatively sophisticated planning initiatives, including the establishment of a Planning Institute, the reform of the public sector through the Public Sector Modernisation Project, as well as the three-phase "National Industrial Policy: A Strategic plan for Growth and

¹¹ see: <http://www.imf.org/external/pubs/ft/seminar/1999/reforms/Naim.HTM>;
<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20116211~menuPK:34457~pagePK:34370~piPK:34424~theSitePK:4607,00.html>

¹² see general theory Chapter 2

¹³ Court and Young: 2003. p.33

¹⁴ In Hall and Benn:2003. p.421

¹⁵ Andrew Downes: 2000. p.44f.

Development”, which proposes a Social Partnership among government, the private sector and unions. However, the implementation of these programmes seems to be significantly flawed by a lack of resources (human, productive and financial), as well as affected unfavourably by unforeseen endogenous or exogenous factors.

In Jamaica’s recent history of privatization initiatives, we can draw on two instances, which illustrate the challenges of effective policy implementation and coordination.

Financial Sector: Financial Sector Adjustment Company (FINSAC):

Liberalization of the financial sector in JA. suffered a great set-back in the second-half of the 90s. Due mainly to a faulty implementation process, complicated by inadequate regulatory/administrative measures, a number of banks and insurance companies suffered liquidity and solvency problems, threatening a complete disruption of the local financial services sector. To prevent the effective collapse of this critical sector, the government established FINSAC¹⁶ in 1997 to help re-establish stable institutions. Through FINSAC, the government restructured the regulatory framework for financial institutions, with 10 financial institutions undergoing government intervention and 12 placed under temporary management. Finsac succeeded in protecting in excess of US\$5.5billion in personal deposit accounts, insurance policies and pension funds and the process resulted in a consolidation of the financial into fewer, better-capitalized institutions. Eventually,

¹⁶ FINSAC: Financial Sector Adjustment Company: founded by government with mandate to “restore stability in well-regulated financial sector” for further details see: www.finzac.com and <http://www.id21.org/insights/insights40/insights-iss40-art04.html>

loan liquidity was increased and competition returned. However, the process was arduous and disruptive, with restructuring of this sector costing some 35% of GDP.

The combination of the crisis and a costly, debt-inducing solution resulted in a decline in real GDP between 1996 and 1999, as an already high debt-servicing burden increased to some 61% of GDP. This has the knock-on effect of delegitimizing local companies in the short run, as well as limiting foreign direct investment (due to the perceived instability and volatility of the political and investment climate). It also adds to the government's cost-revenue gap, already limiting adequate development initiatives, and largely precluding any independently funded improvements to deteriorating social infrastructure. Thus it is evident that the *sequencing* of privatization/regulation in this sector caused major difficulties and the resulting crisis and the measures necessary to address it will continue to impact Jamaica's development considerably over time.

Transportation: National Works Agency:

In the second instance, recent attempts to improve productivity/efficiency in public works and ground transport, through the establishment of an executive agency, has also met with less than stellar success. Throughout the implementation of the new system, disastrous rains and flooding set back basic road improvements plans, increasing expenditures and disrupting schedules.¹⁷ A lack of capacity within both the agency concerned and the national government/supporting bureaucracy¹⁸ also combined with scarce resources to result in even less effectiveness, as basic

¹⁷ see also Annual Economic Report: Caribbean Development Bank: 2002 @CARICOM Secretariat

¹⁸ see Jamaica-European Country Strategy Paper p.24; 57f.

salaries and contractual obligations were often not met in a timely fashion.

Throughout this same period, local gangs and criminal activity, including demands for “protection money”/local participation in road works often slowed work in crucial areas.

In recent times, some significant improvements have been made on major routes,¹⁹ but many of the above problems persist and affect development across the board, as numerous producers (particularly in rural areas) are limited by their dependence on deteriorating land transport conditions for delivery of goods to local and foreign markets.²⁰ Just as crucially, the slow progress of reform and the limited achievements of the Agency are perceived as very visible evidence of the government’s inability to effectively manage public resources.²¹

Therefore, we may conclude that the successful implementation of national policy prescriptions, however well planned, is often adversely affected by the “knock-on” effect of any number of unanticipated crises, both natural and man-made. As an added complication for Jamaica, identifying revenue to adequately fund long-term projects is made more difficult by the combination of high debt servicing demands, as well as low fiscal compliance. Fiscal balances/budget constraints can in turn be linked to the growth of the “informal economy” of traders that has arisen in response to low wages/lack of opportunity in the formal job market, as well as to the high incidence of unreported “remittances” from abroad.

¹⁹ through ODA/matched funding infrastructure programmes; see also Jamaica–EU Strategy Paper *ibid*

²⁰ see <http://www.jamaicaobserver.com>: 1/11/03: “Gov’t owes contractors \$450million”; 20-10-01: “Washington road works delayed another month”.

²¹ In all fairness, other privatization measures have been considerably more successful. However, these have not received the “press” equivalent to the two problematic initiatives cited here.

These do feed back into the economy, but both represent a lost source of revenue for government, as well as being indicators of the weakness of government programmes for employment and economic growth.

Attempts to address the continuing inefficiencies of numerous public sector agencies are ongoing, under the umbrella of the Public Sector Modernisation Programme and local government reform initiatives. Other programmes are in place including the Jamaica Performance Improvement Plan (JAPIP) to strengthen performance in key ministries (education, health, security and justice, finance and planning), and the Executive Agency Development programme, which is supported by DFID and has enabled the government to convert some service delivery units (such as public works) into autonomous executive agencies.²²

Long term development planning is also being encouraged through the Planning Institute of Jamaica (PIOJ). Goals for the country include the improvement of:

- a) competitiveness through removal of barriers to trade and “archaic measures”
- b) resistance to international shocks through a widening of the production base of the economy.

These major aims are to be realized through a mid-term strategy based on:

- macroeconomic and stability, including a reduction in cost of Capital
- rehabilitation/upgrade of transportation infrastructures (including airports, sea ports and roads)
- reform of the labour market and a series of skills training programmes
- continuation of poverty alleviation framework as outlined above.

²² *ibid*

The PIOJ directorate recognizes too the importance of private sector development, as well as the critical roles training, education and a safe, stable social climate can play in promoting development. Wesley Hughes noted that the latter makes the improvement of the social capital base of Jamaican society a “development issue of profound importance”, as is the facilitation of economic growth to reduce unemployment and poverty.²³ Such comments and initiatives are indicative of an informed approach to development issues and certainly a rhetorical commitment to an enabling climate for public-private cooperation. However, government capacity to realize its stated objectives will depend on many internal and external inputs, and a level of coordination, transparency and accountability, which is so far, little in evidence.

It should also be noted in this context that the process of implementing Jamaican social programmes has been linked to partisan political influence. For instance, offering direct economic support to the vulnerable –through both positive measures, such as “Christmas work” and poverty alleviation programmes, and negative gestures, such as “turning a blind eye” to ‘ICIs’ (informal traders) and garrison constituency support - is seen by many as a legitimate exercise of party politics.

In addition, the government’s ongoing labour expenses are problematic, as, despite some reforms, public sector employment numbers are high and productivity remains low. To address this problem, a ‘Memorandum of Understanding’ (MOU)

²³ Wesley Hughes (DG Gen of PIOJ): 2001. “Jamaica: from creative adaptation to sustainable transformation”; “Dialogue for Development Inaugural Lecture Series @<www.pioj.gov.jm/piojdocs/special/lectureseries.doc>

was recently concluded between the government and unions in the public sector. However, the MOU is generally seen as inadequate because, while it offers wage control, this positive effect is mitigated by a job protection clause, which protects positions in an already bloated and not very efficient bureaucracy.²⁴

Administrative costs in small countries will usually be relatively high vis a vis revenue, due to economies of scale. However, there is still considerable leeway for improving the productivity of available funds, through efficient programming and coherent policy frameworks. The mix of public-private delivery of services must be well coordinated, with investments targeted to maximize benefits vs. costs. Human resources must also be deployed efficiently and the dynamics of the market maximized through an efficient regulatory environment that encourages competition, risk reduction and equal access. The government has persevered in reform/cost-cutting/ privatization programmes and its efforts are beginning to have an impact. The fiscal deficit is shrinking and interest rates are slowly decreasing, falling from 21% in 1999-16.5% in 2000-14.2% in May 2002.²⁵

Jamaica has also made considerable progress in policy-making and monitoring of a pro-poor stance.²⁶ The government has long declared poverty eradication to be its prime objective, launching the National Poverty Eradication Programme (NPEP) in 1997. This is supplemented by the Social Development Commission, which focuses on participatory development and community empowerment, as well as the Jamaica Social Investment Fund (JSIF), supported by international financial

²⁴ see: <http://www.jamaicaobserver.com> 24-02-2004 "Wrong Approach to MOU"

²⁵ stats.: PIOJ

²⁶ DFID Country Strategy Paper, 2001. @ http://62.189.42.51/DFIDstage/Pubs/files/jamaica_csp.pdf

institutions and other donors. Youth employment and a reform of the social safety need is targeted through the PATH programme.

The Public Sector Organisation of Jamaica (PSOJ) has a relatively high public profile and has also been an active participant in promoting development goals. Dialogue between public and private sector is improving and shows much potential for widening the resource base of expertise and policy planning. However, both sides need to work improve communication and cooperation, while maintaining a capacity for mutual constructive criticism in a more “cordial” atmosphere, which respects each sector’s contribution to society.

David Jessop has commented often on the lack of preparedness and proactive responses of both public and private sector organizations within the WTO/ACP-EU negotiations, and also to the reluctance of many participants to “provide the practical inputs” necessary to put forward a cohesive Caribbean position.²⁷ Many of Jamaica’s goals for national development could be helped by the more effective participation of Jamaicans in the CARICOM process of regional integration, including a cooperative and coherent plan for identifying common regional priorities for negotiations of supportive trade/aid agreements through the agencies like the Regional Negotiating Machinery.

Most countries have similar challenges to face in successfully implementing policy, but countries on the cusp of development are not able to absorb failures without long-lasting damage to fragile infrastructures and the added stress of “de-legitimization” of political and economic governance both at home and in a global context. As touched on in connection to the previous domestic issues and

²⁷ Jessop: op cit May5/02; see also: Jan. 27/02; Nov.12/99

constraints, the openness of the Jamaican economy to externalities has consistently made it particularly vulnerable. The international community therefore has an important input in Jamaica's development options. For example, Official Development Assistance (ODA) remains a significant means of underwriting public sector investment. In 2001, new assistance from multilateral institutions, of some USD75.5m, made up 77% of ODA (USD97.2 m),²⁸ financing projects in capacity-building, institutional strengthening and trade development.²⁹ These priorities are may be viewed as indicative of changing development models, which increasingly focus on LDCs, poverty eradication and improving local resources to promote local "ownership" of development programmes.

Nevertheless, such a focus for ODA projects may also be seen as tacit evidence that Jamaica is not a priority area for continuing assistance. Funds to middle-developing countries are dwindling and are particularly aimed at enabling the country to wean itself off dependence on external grants and loan resources. However, not all solutions to development difficulties can be found internally. The EU's Country Strategy Report emphasizes that its support for DC's is based on the goal of integration into the world economy and adds that "growth in Jamaica in the coming years will have to be export led".³⁰ If we consider the foregoing outline in relationship to the accompanying transition from non-reciprocal trade to global market integration, it presents a daunting prospect for development projects in the short term.

²⁸ including the IDA, EU, CDB, WB and IDRB

²⁹ <http://www.pioj.gov.jm/projects/default.asp?projtype=op>

³⁰ op cit p.7

Small Island Developing Economies

One way that Jamaica proposes to deal with its exposure to external shocks is through its promotion of and participation in the Small Island Developing States’ (SIDS) initiative. Small, open economies in general are particularly vulnerable to changes in international trade climates. Jamaica has been active, along with its CARICOM partners in supporting an international initiative to officially recognize the restraints of Small Island Developing States (SIDS), through its association with various UN, WTO and other partners in development.³¹ Many of the challenges it faces are outlined in the numerous documents compiled on the treatment for small and vulnerable economies within international trade agreements.³² It is impractical to cover this whole issue here but it is worthwhile to summarize the main points briefly, in relation to the following coverage of post-Lome arrangements.

As most of the countries concerned in the SIDS proposal are medium, rather than low- income economies, they are particularly threatened by the emphasis on poverty eradication in donor mandates. In such an international trade climate, these countries then face a *development*, rather than a *poverty* trap. The main thrust of the SIDS literature then addresses the *combined constraints* of environmental vulnerability, limited economies of scale/comparative advantage due to small natural/human resources and lack of diversification, as well as small island/landlocked countries’ openness to external economic/political decisions.

³¹ see Salmon: 2002 Annex 2 for list of initiatives

³² see eg: Salmon:2002; Witter et al: 2002

In specific reference to Jamaica, many local pundits trace the country's original "fall from grace" to the international energy crisis in the Seventies, which interacted with Michael Manley's ambitious and expensive social reforms to raise Jamaica's indebtedness to dangerous levels. The vulnerability of the economy at that point was also exacerbated by the USA's withdrawal of aid, due to the government's flirtation with Cuba and "democratic socialism". Manley's successor Edward Seaga, managed to re-interest the U.S. in Jamaica subsequently, but continued borrowing, particularly from multilateral agencies, has both failed to effectively "kick-start" the country's economy and also left it with a crippling debt load.

While recently the country has made important progress in diversifying production in service areas, particularly tourism, it remains quite dependent on trading in commodities, such as bauxite, sugar and other agricultural exports. These are both subject to volatile prices and stiff competition from substitutes and lower-cost producers. Most importantly in the present situation, though in the past many Jamaican exports have been subsidized by trading partners through preferential quotas or price support measures,³³ the benefits accrued were not generally used to upgrade or re-orient production to modern standards and thus the production facilities on the ground are older and less efficient, therefore often at pains to compete internationally. This lack of adequate foresight has also contributed to the inability of the subsidized industries to fulfill their quotas during preferential periods, yet has also delayed the identification of alternate production resources/niche products that might be more profitable and sustainable. Also, as

³³ such as SYSMIN, Special Protocols for Sugar, Bananas, Rum etc-see Chapter 5

tariffs and local subsidy measures are reduced through regional and international trade liberalization, additional sources of revenue/ attractions for FDI are disappearing.

These constraints, which emanated from both internal and external sources, continue to combine with the restricted human and capital resources available to challenge Jamaica's capacity to provide public goods and effective administration/negotiation capacity, in order to assure the most favourable options for local citizens in a global economy. Increasing export/international orientations in production also tend to disrupt traditional "coping mechanisms". For example, food security has become a particular concern, as large sectors of arable land are given over to export production, leaving many dependent on imports (often cheaper and/or "dumped" products, which also undermine small local producers) for daily sustenance. The re-allocation of land impacts on both rural and urban livelihoods as well, as small plots of family land have been important fallback resources for income in lean times. The disappearance of these family plots has in turn contributed to the disruption of family/community ties, increasing the vulnerability particularly of old and young members, who have traditionally depended on the support of extended family units.

So, we can see that while many internal and external/ structural and administrative challenges are recognized and addressed to a certain extent, improving development options remains a long-term, multifaceted project, subject to many influences. In this context, improved incomes from trade and production and revenue producing /support measures assume a primary importance in planning

for long-term development projects. It is recognized then that Jamaica must continue to reform domestic policy and programmes –and on the basis of the previous observations, it may be concluded that a re-vamping of the local administrative and democratic process as a whole may be a prerequisite for the realization of development goals. However, countries facing such challenges may also profit from an outward orientation, to take advantage of development opportunities that take into account specific concerns and synergies that help them address innate constraints. An important part of Jamaica’s plan for growth is thus focused on the Caribbean Single Market and Economy and on international trade agreements, particularly those with a development component. Therefore, having focused, in Section 1, on Jamaica as an example of the domestic policy climate, this section concentrates on CARICOM as part of the extended face of national development planning, particularly in an historical perspective.

CARICOM

CARICOM³⁴ - the Caribbean Community and Common Market- is one of the modern manifestations of a long history of integrative efforts among countries in the Caribbean Basin. Situated along the Caribbean Sea, between North, South, and Central America, with its roots in the British West Indies Federation (1958), the Community has expanded through early regional cooperative organizations to be institutionalized as arguably the area’s most important formal community and “single market economy” consisting of 13 member states and several associates/observers. Its membership is relatively diverse. Historically, member states have had close relationships with different European colonizers, and there

³⁴ See Annex 2B; map Annex 3B

are a number of languages/Creoles spoken within the Community. Geographically, while most are islands (many very small), Guyana, Suriname and Belize are on the mainland. Structurally, economies are heterogeneous, with 5 states, including Jamaica, designated “more developed” countries³⁵ (MDCs), while the remainder are recognized as “less-developed” (LDCs). Haiti is the only country designated “least-developed”.

All are small open economies; production is relatively undiversified, and based mainly in primary products and commodities. Growth performance has been mixed across the region, with the OECS and Barbados performing relatively well, while others (Guyana, Haiti, Jamaica) have experienced negative growth rates for prolonged periods.

In recent times CARICOM has proved the most durable and active vehicle for Caribbean integration. Though there has been some “competition” to represent the interests of the various actors in the Caribbean basin from other initiatives, such as the Association of Caribbean States (ACS)³⁶, CARIFORUM³⁷ and the Organization of Eastern Caribbean States (OECS)³⁸, CARICOM has maintained a relatively high profile and attracted moral and financial support from the EU, as the base unit of CARIFORUM and the regional indicative programme for development. In response to the demands of some member states and particularly in response to multiple bilateral and multilateral trade negotiations, interest in regional cooperation has been revived and there have been several developments that indicate that CARICOM will prove the motor for a new “open regionalism”. Before

³⁵ Barbados, Guyana, Jamaica, Suriname and Trinidad and Tobago

³⁶ see: <http://www.acs-aec.org/>; also Girvan in Ramsaran: 2002. p.214ff

³⁷ see Annex 2B;

³⁸ *ibid*

considering these developments, we must be familiar with the background of this organization.

The *idea* of regional integration has a long and influential history in the Caribbean. - As G.K. Lewis commented in 1960: “the recognition of the seminal truth that only a unified Caribbean, politically and economically, can save the region from its fatal particularism is at least a century old.”³⁹ Historically, the islands have maintained strong links with each other through their relations with the metropole and while they were on the path to independence, their colonial “guardians” supported a regional entity. However, the West Indies Federation, focused on political union and constitutional and fiscal matters, foundered on the nationalist preoccupations of the larger countries (notably, Jamaica), who would have been responsible for assuming leadership and providing the financial underpinnings of the Federation.⁴⁰ In the following years, proposals for other regional configurations, such as a new federation of the “Little Eight” were pursued, but not realized.

According to Anthony Bryan, interest in regional integration has been cyclical and consistently linked to various theories for economic development, including industrialization by invitation, import substitution, structuralism, dependency, core-periphery and neo-functionalism models, many of which were adapted by local scholars specifically to the Caribbean context.⁴¹ However, theory was not translated

³⁹ G.K. Lewis: 1960. quoted in Clarke & Zephirin, 1997. p.54

⁴⁰ see J. O’Neil Lewis: 1999 p.14f; Overand Padmore: 1999. p.56f.

⁴¹ A. Bryan in Hall and Benn: 2000. p.356

well into practice and progress towards any effective coordination of economic policies was slow.

So, for many years Caribbean integration remained a largely theoretical concept. Though officially, the Caribbean Community was founded in 1973, as a successor to CARIFTA and the ill-fated, pre-independence West Indies Federation, in its early years minimal progress was made in either economic or political co-operation. The Caribbean nations that would have formed the nucleus of any union remained unconvinced that the net benefits of cooperation would outweigh the costs.⁴² Many continued to feel that these initiatives “put the cart before the horse” and maintained that seeking political union, without the prerequisite underpinnings of an economic and cultural commitment to a Caribbean personality, has effectively undermined cooperation throughout the region for many years.

However, despite the predominance of national priorities, an ongoing interest in the *possibilities* of union has kept movement towards it ticking over quietly. William Demas has been one of the seminal writers and activists, supported by such public figures as Sir Alister McIntyre, and Sir Shridath Ramphall, and academics such as Lloyd Best, Havelock Brewster, Clive Thomas, et al. These regionalists saw economic integration and functional cooperation as essential steps towards overcoming the disadvantages inherent in small island economies.

A scholar and technocrat, Demas was one of the chief architects of the founding Treaty of Chaguaramas, and later Secretary-General of CARICOM, as

⁴² Charles A.T. Skeete: “Caribbean Identity and Survival in a Global Economy” in Winston C. Dookeran (ed.): 1996. p.27.

well as a prolific writer on economics and development. Along with other activists, he developed a coherent development plan for the Caribbean that sought to promote regional integration as an antidote to the constraints of small markets, limited resources, dependence on imported inputs and low rates of capacity utilization. The Chaguaramas Treaty establishing CARICOM was then based on a model of integration, which was essentially resource-based and inward-looking.⁴³ It focused on three main activities:

1. **economic integration** in a Common Market, based on free trade and a common external tariff, as well as coordination of production, cooperation in financial and monetary matters and joint action in extra-regional trade, with a special regime for LDCs;
2. **functional cooperation** in areas such as education, culture and communication; and
3. **coordination of foreign policy initiatives**, in trade, economic and other areas.

Through the establishment of a more integrated trade area, Caribbean regionalists hoped to overcome the constraints of small size (through the economies of scale and maximum utilization of resources and production factors a larger internal market could offer), as well as realize an increase in the Caribbean's external bargaining power. It was expected that both these improvements in outlook would help to reinforce a proud, West Indian cultural identity, to underpin regional growth. In short, CARICOM sought a model of integration growing out of, and targeting, the particular needs of its specific region. Why then has regionalization here not progressed more rapidly?

⁴³ For a detailed examination of Demas' work see: Clarke & Zephirin, 1997

A number of external and internal factors limited the success of CARICOM initiatives. In its formative years, an international recession, instigated by the Seventies oil crises and the unraveling of the Bretton-Woods agreement, started a downward spiral in Caribbean economies, which left many member states wallowing in a debt crisis, unable to address the financial needs of the region. As we noted in the case of Jamaica, this economic situation was engendered and exacerbated by the member states' open economies, persistent dependency on primary products (subject to price swings/fluctuating demand/substitutability) and the failure of various national choices for development.

In addition, there were many problems within the region that could account for the continuing stagnation of Caribbean integration. From the mid-Seventies, regionalism under CARICOM seemed to have little to offer struggling governments. Richard Bernal ⁴⁴ notes that regional integration was not the initiative of the productive or private sectors, but rather put forward originally by academics and nationalist politicians; it was "superimposed" on the economic operation of the region, and continued to have a "tenuous ...connection to the function and performance of Caribbean economies".⁴⁵ Paul Sutton also concludes that, despite a seeming commitment to regionalism in the early 70's, the Commonwealth Caribbean really perceived CARICOM as "a transposition to another level of national aspirations: a means of enhancing national capacity, rather than dissolving it within a broader unit."⁴⁶ When limited integration machinery developed few

⁴⁴ R. Bernal: "Caricom: externally vulnerable regional economic integration" in R. Bouzas & J. Ros (1994); p. 172f.

⁴⁵ *ibid*: p.187

⁴⁶ Anthony Payne & Paul Sutton: 1984. p.284

concrete solutions to slow growth, and cooperation no longer seemed to advance the various states' national development plans, there was little to oblige allegiance to the regional unit. There was also little attempt made to involve member citizens in decisional processes or to appeal to "grass-roots" support for the regional project as a part of national economic planning.

During this stagnant period, a number of countries in the Caribbean chose to follow divergent paths, with mainly "non-capitalist"-model governments, aimed at establishing a new economic order, which would ostensibly empower the Third World and allow their states in particular to address local concerns. Guyana's *cooperative socialism*, Jamaica's *democratic socialism* and the *New Jewel Movement* in Grenada were all directed at predominantly nationalist solutions, which, despite their lofty ideology and rhetoric, were undermined by international pressures and a lack of local planning and national support. By the early Eighties, dwindling confidence in once promising economies, and a continuing lack of growth in investment, left these states with crumbling infrastructures, massive foreign debt – many were essentially "re-colonized" by the IMF and other lending institutions.

These national failures combined with a lack of effective institutions and mechanisms to curtail state-led regional growth. During the Eighties, intra-regional trade growth was minimal - falling by 1/3 between 1982-86, from a high of 10% of total trade (EC\$1.6 billion) in 1981.⁴⁷ Throughout this period, balance of payment problems encouraged the maintenance of internal tariffs, especially in Guyana and Trinidad and Tobago, and discouraged movement towards a common external

⁴⁷ George E. Eaton: in T. Georgakoupoulos et al. 1994, p.69.

tariff. Inadequate resources limited the re-distributive powers of CARICOM, as well as any effective growth in regional institutions. As the region remained highly vulnerable to external shocks, with limited resources to address regional disparities, CARICOM could accomplish little in the face of what the Guardian later termed “a mixture of insular chauvinism and uneven economic development”.⁴⁸

The absence of mechanisms to enforce the implementation of CARICOM directives and the scrupulous respect shown for the sovereignty of member states continued to severely restrict any possibility of strengthening of a regional project. This same (by now somewhat dated) notion of sovereignty consistently denied CARICOM a legal personality in its own right. CARICOM directives had no direct effect in national law and there were neither common procedures for implementation nor mechanisms for enforcement nor punishment for non-compliance. The “binding nature” of community decisions thus remained political rather than legal and underscored the supremacy of nation over region.⁴⁹ It also is indicative of a reluctance to cede any long-term commitment to supra-national bodies, as well as a reflection of protective, nationally-oriented development plans that did not perceive the “synergies” of regional cooperation and adjustment to changing international climates for trade and development.

Despite this reluctance to bestow real power on a regional political body, there has been a continuous interest shown in maintaining a commitment to some loose form of cohesion, especially in relationship to the international community. This was encouraged to some extent by external forces. It has been consistently noted

⁴⁸ The Guardian, April 15, 1999.

⁴⁹ Cuthbert Joseph: “Caribbean Economic Integration: Reflections on Some Legal and Institutional Issues” in Clarke and Zephirin: 1997, p. 138ff.

that, in spite of fragmentation from a national perspective, “the Caribbean” is internationally perceived as having a common identity and interests.⁵⁰ Indeed, international negotiations, such as Lome, have encouraged a sense of unity, cooperation and a visible CARICOM leadership on the global stage, that has encouraged regionalists to persist in their efforts.

Many also cite the success of functional forms of co-operation, such as the University of the West Indies, common examination standards and the West Indies cricket team, as examples of this underlying regional identity, which may now encourage the more practical co-operative efforts undertaken in the last few years.

As Paul Sutton remarks:

The Commonwealth Caribbean has been defined from without as a collective unit at the same time as a collective self-identity has developed from within, the one fortuitously reinforcing the other in the respect of the pursuit of tangible interests in the international system.⁵¹

As a result of both this development from within, as well as a change in external climates, the turn of the Century has seen a revitalization of this regional organization. A renewed interest in and revised approach to regional development, which focuses on cooperation to meet the challenges of globalization, has been the basis for a re-launching of CARICOM and a revamping of regional instruments and institutions. New theoretical approaches to “open regionalism” have also revitalized interest in regionalism as an “alternative ideology”: one that focuses on socio-political cooperation, without strict adherence to federal or supra-national models of governance. Reflecting the theoretical discussion in Part One, this new wave of regionalism is characterized by increased political and economic openness, growing

⁵⁰ see Girvan:1997. p.10

⁵¹Payne and Sutton: op cit, p.287.

cooperation between various regional partners and organizations, as well as a deepening and widening of the processes of regional socio-political integration, through transnational consultation and communication between governments, private sector organizations and civil society.

Although earlier CARICOM interactions showed a marked resistance to regionalizing national priorities, which limited effective institutional design for the region,⁵² several recent initiatives indicate that there is an increasing appreciation of the need for regional coordination of production and foreign trade/affairs, as well as improved instruments for regulation and cooperation.

The following section outlines the state of regional integration during the early Cotonou negotiations.⁵³ CARICOM countries, despite their diversity, have found many commonalities in their development process and have been seeking to coordinate these in cooperative regional initiatives for a number of years. However, despite a renewed interest in regional integration in a single market in the Nineties, progress in many areas remained slow. Institution-building,⁵⁴ and regional harmonization of financial and monetary measures were still in the planning stages, and the complexity of identifying common targets and goals is increasingly evident. As indicated in the Jamaican case, national financial sectors banking services were relatively well developed, but costs remained high, as did interest

⁵² see Hall and Benn (2001) p.452

⁵³ There has been further progress during the course of the negotiations. Updated figures are available @ www.caricom.org

⁵⁴ e.g. of a Caribbean Court of Justice

rates. In addition, fiscal deficits were widening, mainly due to high public sector wage bills, but also because of decreased revenues from protective trade measures.

As negotiations progress national economic initiatives are moving more quickly. International trade liberalization in the region has been moving ahead rapidly. Member states are heavily immersed in international trade markets, though they have yet to exploit openness to their own advantage. Many still experience negative terms of trade, as well as large and persistent current accounts deficits and continuing growth in public debt.⁵⁵ From 1994-1998, export/import of goods and services in the region averaged more than 96% of GDP for all countries, with 60% of exports concentrated in American and European markets, many of which are subject to preferential access. There is also a lack of diversity in regional export production, with a continuing dependence on commodities and primary products (with the three top export commodities accounting for more than 60% of total exports), which are particularly subject to price and market instability. The region's output is concentrated in the more successful economies such as Trinidad and Tobago, Barbados and the OECS, and the smaller islands, such as Dominica and St. Lucia, are particularly threatened by the loss of preference for bananas, as their economies are particularly dependent on non-competitive production of this crop.

Europe ranks second to the US, both as a source for imports and as a destination of CARICOM exports. However, 80% of exports to the EU have been concentrated in commodities/primary products, such as bauxite/alumina, sugar, rum, rice, bananas and methanol, many of which enjoyed preferential access under Lome. On the plus side, regional trade in services, mainly tourism, did grow by

⁵⁵ regional public debt increased 8.9% in 2000 (CARICOM)

4.6%.⁵⁶ This is an important indicator, as while the main exports are likely to bring in less foreign exchange once supports are removed, it is hoped that improved regional production chains and efficiency will increase competitive advantage in some products and that newly developed niche markets and services will replace traditional exports.

Intra-regional trade and cooperation, while experiencing a boost in recent years, remains relatively modest, with intra-regional imports accounting for 8-10% of total imports and intra-regional exports for 12-23% of total exports (1990-98). These numbers are not high, but they do represent a greater growth in intra- over extra-regional exports, with the first growing by 8.5%/year, compared to -1.1% for the second. Intra- and extra-regional imports grew at approximately the same rate of 5.6 and 5.7% respectively. However, most importantly for overall regional development, the relative strength of local production was not promising in the same period, with total imports growing by 51% over exports.⁵⁷ Approximately 91% of manufactured goods and 82% of food were imported from outside the region.⁵⁸

Foreign direct investment (FDI), though growing significantly overall during this period, did not exhibit a widely positive effect in the region as a whole, as it tended to be sporadic and concentrated in certain sectors/states. Though CARICOM's performance in attracting FDI is well above average for developing countries, investment was concentrated in traditional sectors such as mining and

⁵⁶ Stats: World Bank; CARICOM

⁵⁷ CARICOM Trade and Investment Report 2000 @caricom.org

⁵⁸ CARICOM Statistics: 1990-2000 *ibid.*

agriculture, and its expression as a high percentage of FDI inflow to GDP, also indicates a dependence on external resources to sustain growth in the region.

All these statistics are a reminder of the vulnerability of this region to international competition and market shocks. (They should be considered also in the light of the area's climactic vulnerability, as natural disasters have particularly damaging effects not only on agriculture, but also on the increasingly important tourism sector.) Therefore, faced with a drop in foreign interest (both political and financial), as well as increased pressure for trade liberalization and the threat of disappearing trade preferences, these small open economies have found common cause in cooperating to build competitive regional production and defend their interests in international forums.

In the economic/trade sector: since the revision of the CARICOM Treaty in 2001, a Common External Tariff (CET) for a Free Trade Area (FTA) has been agreed upon (though it is still subject to numerous exceptions); there is also a concerted push on to realize a Caribbean Single Market and Economy (CSME), which would advance regional integration to include free movement of labour/establishment of business. In the area of functional cooperation, a CARICOM Charter of Civil Society has been adopted, as well as an Assembly of Caribbean Community Parliamentarians (ACCP) and there have been several information/consultation forums convened for multiple stakeholders. These initiatives are complemented by the planned establishment of a Caribbean Court of Justice (CCJ) and the negotiating strength of the Community has been augmented through the appointment of a Chief Negotiator/Regional Negotiating Machinery, to

inform and coordinate negotiating strategies for multilateral agreements (FTAA, EU-ACP etc). The implementation/operation of these initiatives will be discussed in more detail later, but they are, in themselves, important markers for the future of regional integration.

Jamaica has been an active participant in this recent process of regionalization. The office of the Chief Negotiator/RNM is in Kingston and the government has also established its own Prime Ministerial Sub-Committee on the CSME,⁵⁹ involving both civil society and the private sector in consultation sessions. The local debate on the establishment of the CCJ has been lively and Prime Minister PJ Patterson an active supporter of both the Court and the wider integration process. Jamaica has also been well represented in on-going multilateral negotiations and generally supportive of regional coordination of development goals and processes. This active participation in national-regional cooperation for change marks an important development in the political economy of the region. It is also perceived here as part of a global re-ordering of international affairs and development relations.

The negotiation of a N-S developmental partnership through the post-Lome consultation process is integral to my assertion that the changes taking place in national, regional and international strategies for development are the “bedrock” of new regional cooperation in the Caribbean. This study of the interdependence of the many factors – ideological, structural and functional – affecting theory and practice will stress the complementarity of new regionalism, partnership, world

⁵⁹ see Jamaica Observer :02/02/02 “Committee on Caribbean Single Market holds first meeting”

order and the society of states. Thus the case study will focus on the *negotiation of change through developmental regional associations* (based in multi-level/sectoral cooperation) *as mediating institutions*.⁶⁰

As an introduction to the main evaluation of the Cotonou Partnership negotiations as part of this process, the following sections examine the history of regionalism in the European Union and go on to discuss the CARICOM-EU trade and development relation under the Lome Agreements between the African-Caribbean-Pacific (ACP) countries and the European Community.

*The European Union*⁶¹

The European Union is most often cited as the example of a successfully operating regional entity. Recently expanded to include 25 countries at varying stages of economic and political development, its arrangements contain elements of political and economic co-operation, at both an intergovernmental and supranational level. The Council of Ministers operates in tandem (though not always complete harmony) with three federal-style bodies: the European Parliament, the Commission and the European Court of Justice (ECJ). While the Council of Ministers is evidence of the strength of national actors, the direct effect of ECJ rulings in Member States, and the resulting influence of Commission regulations, along with the proactive role of the Members of European

⁶⁰ see the theoretical discussion in Part One, Chapter 1 and 3

⁶¹ see Annex 2: the European Union Member States

Parliament's (MEPs), especially in budgetary matters, is proof that there has been a significant level of commitment to social and political unity.

Western Europe has been moving towards closer union for many years. Though the present integration movement is seen as originating in the post WWII period, it found its roots in many previous efforts. From Pierre Dubois' fourteenth century proposal for a European council of "wise, expert and faithful men"; through William Penn's 1693 "Essay towards the Present and Future Peace of Europe" and Proudhon's espousal of a European federation to usher in the 20th century, philosophers and analysts have seen regional cooperation as the way to achieve lasting peace and prosperity.⁶²

By 1945, it was obvious that Europe would need all its resources to recover from the "war to end all wars"- and its successor. In the aftermath of that destructive phase of world history, many argued for the benefits of cooperation for peace and economic growth. The U.S., as the emergent world power, supported and encouraged local cooperative movements with the Marshall Plan, an aid programme aimed at rebuilding Europe, through enforced political and economic cooperation. The growing threat of the communist Soviet Union model added impetus to the strengthening of a "Third Force" - a united Europe to fend off creeping socialism. In 1957, after several years of negotiation, the European Economic Community (EEC), including France, Germany, Italy and the Benelux countries, was founded with the signing of the Treaty of Rome.

⁶²Dennis Swann: 1995; p.1.

The early progress of the Community, while not without its stresses, went relatively smoothly. The concentration on economic growth in a Common Market, over a transition period of 12 years, was seen by its functionalist founders as a necessary precursor to avoidance of the discontent that could lead to a recurrence of conflict among European nations. A *common market* is usually considered a quite advanced stage of economic integration, involving a greater degree of convergence than a *free trade area* or *customs union*. Thus the Treaty of Rome (Article 3) called for not only free movement of goods within the Community, but also mobility of factors of production and establishment of common policies in agriculture, transport and commercial policy. The European Economic Community (EEC) also aimed to address regional disparities by promoting social and economic harmony through the redistributive measures of the European Social Fund (ESF) and the European Investment Bank (EIB). Special trade and development policies were also provided for former colonies.

In direct contrast to the Caribbean experience, the strength of the Community's institutions (especially the European Court of Justice) and the cooperation of the member states were instrumental in realizing a continuous harmonization of regional trade policy over the transition period. The success of economic measures gave impetus to continued cooperation, with new areas of economic policy opening up for most of the 70's. The Paris Summit of 1972 led to new policies in industry, science and research, as well as growth in the fields of social and environmental policy, including a new Regional Development Fund (ERDF). A new, innovative trade/aid arrangement for former colonies was also concluded with the first Lome

Convention in 1975.* Political cooperation was enhanced somewhat through the European Political Cooperation mechanism (EPC), inaugurated in 1970, and the European Parliament held its first direct elections in 1979. In short, the EEC continued to evolve, with many institutional and policy changes taking place - not the least of which was enlargement of the Community with the accession of the U.K., Ireland and Denmark in 1973.

However, despite continuing progress, the optimism of the early 70s was slowly eroded by the oil crises, world recession and a relative weakening of the EC's global position. As Allan Williams notes, while there was no shortage of common problems during this period, there was a "marked failure to devise and agree on common solutions".⁶³ There was discord in many areas. Disagreement was rife over unified pricing under the Common Agricultural Policy (CAP); problems arose over enlargement and the accession of Greece, Spain and Portugal (all less-developed countries); and, perhaps most importantly, suggestions for Economic and Monetary Union (EMU) were modified considerably to result in the more modest European Monetary System (EMS). The Council of Ministers, which remained the main decisional body, was often divided by national interests. The European Parliament operated mainly as a consultative body, with little influence outside Brussels - even European Parliamentary elections concentrated on national issues, with national parties often "calling the shots" for candidates. Intergovernmentalism increasingly held sway and cooperation lost its dynamism, essentially stalling the integration process for most of the 80s.

* see "Lome: CARICOM and the European Union" below

⁶³ Allan M. Williams: 1991; p.51.

However, in 1986, the signing of Single European Act served as a catalyst to restart the move towards union. Even though it was a much “watered-down” version of the Draft Treaty on European Union, Spinelli’s dynamic and innovative Parliamentary initiative, it was strongly supported, especially by France’s P.M. Mitterand, and succeeded in reawakening the member states’ interest in cooperation. The continued pressures of enlargement engendered new attention to the social dimensions of union, while changes in the world’s political configuration, particularly in Eastern Europe, reinvigorated interest in political cooperation.

Many also saw German reunification at the end of the 80ies as both a threat and an incentive to further European unity. Coupled with the renewed threat of conflict in Eastern Europe, the perception of a “democratic deficit” at the heart of the Community gave added incentive to strengthened political cooperation and a revamping of institutions. Once again, Community mechanisms and institutions began to evolve.

There were many changes on the local and international scene, which called for a response and the European Community came together to find common solutions. In 1990, Jacques Delors, supported by the French and German governments, brought issues to a head with his proposals for constitutional reform. Intensive negotiations on all aspects of cooperation resulted in the Treaty of European Union, signed at Maastricht in February 1992. Despite considerable opposition, notably in the U.K., the provisions in Maastricht have led to a

strengthening of the integration project, which promised economic and monetary union before the end of the century.

The Treaty on European Union conferred a European citizenship on its members, in addition to their national one. Its “three pillars” outlined the economic, social and cultural competencies of the EU; its commitment to a Common Foreign and Security Policy (CFSP) and to Cooperation on Justice and Home Affairs (CJHA). Although even a full realization of its goals did not seem to be leading to a traditional federation/nation-state along the lines of, for instance, the USA or Canada, the European Union began to fulfill its promise as a real political and economic entity in its own right.

Within the EU, there remains a delicate balance of power between member states and Community, but there is also an increasing, pragmatic recognition that economic and political cooperation can strengthen performance in international markets and forums. The concept of Europe as a “Third Force” is no longer so relevant in a post-Cold War climate. However, there is still every indication that “spheres of influence” play an important part in establishing legitimacy and world power, and that the EU sees itself as a significant player in world trade and diplomacy: a setter of trends and a force to be reckoned with. The recent initiative to design a European constitution and the enlargement of the EU to include several Eastern European states also presents further challenges and/or strengthening of the European integration project.

Many factors have influenced the growth of this “Europe Union”. The perceived benefits of regional economic integration are discussed elsewhere and are

generally similar across regions. However, many would ascribe the growth of European integration in our time mainly to a combination of dynamic leadership and institutions, to pragmatism and to a coalition of external and internal happenstance. Underpinning it all is a historical commonality of experience and philosophy, which has led to many shared values, a sense of European identity underlying various national allegiances. Cooperation - social, economic and political - has both been encouraged by and, in turn, itself encouraged this identity. At the same time, traditional conflicts and ethnic prejudices have undermined nation-states' authority, prompting appeals to a higher authority - the EU - which has no historical reputation to live down. The importance of conflict resolution and the struggle for peace and accompanying prosperity have already been mentioned. In more recent times, globalization has added the encouragement of shrinking national power and growing interdependence.

So, like CARICOM, the European Community owes its *birth* and evolution to both internal and external political and economic motives. Also like CARICOM, its *progress* has been underpinned by different (often common) theoretical constructs⁶⁴ and affected by both internal and external developments and attitudes. It has, however, reached a much higher level of integration, during almost a half-century of changing political and economic climates.

It seems patently impossible to isolate the defining factor or moment that led to the institutionalisation of the European Union. It is a *sui generis* organisation, which will continue to evolve, to influence and be influenced by international happenings. As other regional blocs continue to multiply, it is interesting to see

⁶⁴ see Part One for references to various theories of regional integration

what “demonstration effect” the European Community has exerted on other areas and also compare and contrast their experience with that of what many consider the “bench mark” of regionalism.

Lome: CARICOM and the European Union: Worlds Apart?

It is certain that the “European model” and the general ideology/ logic of regionalism as a development strategy have had an influence on the progress of Caribbean integration and the design of its mechanisms and institutions, since its earliest years. However, as mentioned in Chapter One, regional projects are all to a certain extent “sui generis” in both their organization and norms. CARICOM member states have been influenced by a plethora of factors to revitalize and reorient floundering economies. The specifics of this reorientation will be discussed in the next chapter. However, it is important first to outline the history of the EU-CARICOM relationship, as a seminal part of the knowledge base that has informed the process of development and change.

The following section will briefly outline the main highlights of the European Union trade and development instruments under the Lome regime, which both shaped and reflected international development policy during its duration.

In its early years, Europeans frequently proclaimed the Lome Conventions a model for North-South cooperation and a comprehensive expression of the Community’s commitment to overseas development cooperation. The Commonwealth Caribbean and notably P.J. Patterson and Robert Lightbourne of Jamaica, participated actively in the early negotiations and had great hopes for the agreement. From the beginning, a common negotiation position for the Caribbean and African parties

*was adopted, and Caribbean expertise proved an important aspect in maintaining solidarity.*⁶⁵ *This united stance, aiming for both protection and expansion of preferential access for traditional products to European markets, can be seen as an important precursor to the ACP position pursued in subsequent accords.* However, despite early hopes for the EU-ACP relationship, by the time Lome IV took effect, Christopher Stevens was provoked to comment that: “So sharp has been the contrast between the ACP’s position as the most preferred and least successful trading partner with the EC that commentators have begun to question whether Lome is worth the candle”.⁶⁶ *This section briefly outlines the evolution of the European Community and the African Caribbean and Pacific (ACP) relationship, from ideal to “reality” and situates it as a reflection of the changing dynamic of North-South dialogue and development ideologies. [see Annex 1-2: ACP and EU Member States]*

*Lome I-IV:*⁶⁷

The 1973 enlargement of the EC, to include the UK, eventually brought forty-six independent countries and former colonies, from the African continent, the Caribbean and the Pacific, to the bargaining table to negotiate a comprehensive cooperation agreement with the nine European member states, and former colonial powers. The EC’s evolving foreign and development policy both reflected development thinking of its times and promised new directions for aid and trade with developing countries, especially former colonies. The Lome Conventions have the distinction of being a unique example of an organized, long-term cooperative initiative between regions at differing levels of development, yet successive Conventions have evolved over time into a cooperation that is quite different from the original expressed intentions.

⁶⁵ see P. Sutton: 1984. p.204f.

⁶⁶ . Stevens: 1987.p.250

⁶⁷ For more detailed analysis: see: Ravenhill:1985; Grilli: 1993; Arts and Byron: 1997.

The first **Lome Convention**, signed in 1975, was lauded as a *sui generis* agreement, based on twin pillars of trade and development finance and marking a new departure for cooperation between industrialized EC states and their developing *partners* in trade. As a successor to the “unabashedly neo-colonial” Yaounde accords, ⁶⁸ **Lome I** offered a promising set of interactions, which could have effectively changed the thrust of modern trade-aid arrangements.

The basic innovations of the first Lome Convention were: nonreciprocal access of ACP goods to the European Market; the offering of stable prices and the underwriting of marketing strategies for said goods and the establishment of institutions to regulate the operation of the convention.⁶⁹ Many saw the driving forces of the agreement as combining historic obligation to former colonies with a growing ideological commitment to North-South dialogue and trade development, especially with LDCs (* 24 of the original 46 ACP signatories were defined as “least developed countries”; this increased to 35/57 with Lome II and 43/66 with Lome III).⁷⁰

The economic climate in the 70s emphasized the EC’s dependence on Third World commodities and the ACP initially enjoyed a relatively strong bargaining position. By mobilizing a newly united front on certain key issues, the former colonies felt they had assured a stable future relationship with one of their most important trading partners. In turn, the European Community saw the new agreement as an opportunity to fulfill the historical obligations of its imperialist past, while at the same time assuring access to vital commodities, extending its

⁶⁸ Frank Long: 1980; p. 5

⁶⁹ A. Gonzales: in A. Bryan: 1995; p.55f.

⁷⁰ D+C Development Cooperation: #5, 1995; p.13

influence and the scope of its development policy.⁷¹ Lome I therefore represented a significant improvement in the relative status of ACP countries and a seemingly solid foundation for future initiatives, in that it offered a real expansion of cooperation mechanisms and institutionalized norms of equality and security.

Unfortunately, much of Lome's promise was limited by subsequent global developments. The collapse of the Bretton-Woods economic system, the OPEC oil crisis and growing interest in NIEO had all influenced the undertaking of a first Convention, which ostensibly strongly favoured its weaker signatories. However, changes in economic climate and political and development attitudes soon diminished developing countries' influence, and limited the realization of any true partnership.

By the time **Lome II** was ready for negotiation in 1978, it was obvious that the ACP position had drastically changed. Many leaders were sadly disappointed to find that the promised ACP-EU partnership guaranteed very little. Escape clauses limited the EC's commitments and management was largely the domain of the Commission, with the ambiguity of many provisions ensuring that clauses could be interpreted to the powerful partners' advantage. In practice, consultation with partners in the South "seldom extended beyond a token gesture",⁷² and many of the possible advantages of Lome's "collective clientelism" relationship were largely unrealized.⁷³ While the number of partners rose to 57 in this second agreement, the status quo was more or less maintained for most provisions, as European development funds were not increased and were generally considered inadequate to

⁷¹ J. Ravenhill: 1985. p.79

⁷² J. Ravenhill :1985. p.310f

⁷³ *ibid*: p.313

the job and slow to be disbursed. In addition, though there was an increasing interest shown in addressing the needs of rural areas, as well as island and landlocked states, some seventy percent of funds in both Lome I and II were concentrated in West and East Africa, leaving the Caribbean and Pacific regions relatively under-funded.⁷⁴

Lome III (1986), brought together 10 EC member states, and 66 ACP countries - 45 from Africa, 13 from the Caribbean and 8 from the Pacific region - “representing almost half the membership of the UN, and accounting for about 17% of the world’s surface and 13% of its population.”⁷⁵ It continued to offer technical and financial assistance, as well as trade preference, with aid increasingly focused on critical sectors, especially rural development and food security. Cultural cooperation was also included as a new field of interest. The total financial package of 8500 million ECU included 7400million ECU from the EDF, a figure that was below that requested by the ACP. There was continued criticism from the developing countries over the amount of aid available through this convention, as well as the continuation of safeguard clauses, which allowed the EC to protect critical sectors, to the detriment of export development in the South.

Questions also continued to be raised in the wider community about discrimination against non-ACP developing countries, as well as about the effectiveness of Lome’s trade and aid measures in promoting growth and diversification in ACP production. The political neutrality of the trade agreement had also been diminished by an EU demand for increasing “policy dialogues” on

⁷⁴D+C Development and Cooperation: op cit p. 13

⁷⁵R. Ramsaran: 1989. p.135

national issues affecting development- a change in approach that many ACP countries protested as an encroachment on the essential sovereignty of the South. Nevertheless, market access and price stability were still important incentives for the continuation of the agreement, however short it might fall of the ideal.

Lome IV sought to consolidate successful policy in a ten year agreement, (1990-2000), which concentrated on the ACP debt problem, through structural adjustment aid. Some completely new areas were brought under the Lome umbrella, including population policy, promotion of the services and private sectors, as well as environmental measures. Increased emphasis was placed on democracy and human rights and there was some increase in funding.⁷⁶

There are numerous books and articles that assess the various successes and failures of the Lome Conventions, summarized so briefly above, and this section cannot attempt to repeat all the work covering this topic.⁷⁷ However, it is essential to highlight some important points. The following concentrates on the aspects of development partnership and regional integration to situate the European approach within the larger field of development models.

As is often remarked (mostly in EU communiqués), European society has consistently professed a commitment to development in the Third World; it has earmarked funds and deployed an impressive array of expertise and instruments to address disparities of access. However, in its application of this policy, we can detect a certain continuity with the dominant global discourse manifest in how

⁷⁶ *ibid*; p.14

⁷⁷ see e.g.: J. Ravenhill: 1985; Grilli,E.: 1993.; Lister, M.: 1988.

Lome policy influenced and was influenced by prevailing trends in mainstream development theory. It is important to remember that, while the EU often depicts its development policy as on the “cutting edge”, the EU-ACP relationship has not operated in isolation from world trends and the general consensus is that the development models pursued during the period that Lome existed generally failed to offer any significant change in the status of the “developing” world.

Colonial relationships formed a vital undercurrent in development discussions and are integral to continuing discourse. Thus trade and development “partnerships” were consistently criticized as inherently unequal in practice, and often paternalistic and “neo-colonial” in approach. Indeed, one of the most important factors (particularly but not exclusively) in the Community’s North-South relationship was the basic contradiction between the historic trade ties on which the association was founded and the vision it purported to hold of the future. The ACP countries, particularly in Africa, were seen by Europe as strategic suppliers of raw materials, while the developing countries saw future prosperity as dependent on modernization through manufacturing and industrialization. Neither party seems to have ever squarely faced this fundamental inconsistency of objectives, with its combination of persistence of tradition and promises for change.⁷⁸

Development relationships through a variety of agreements have also legitimately been accused of being driven by a donor’s temptation to too precisely “define and to make other peoples’ happiness in spite of them”.⁷⁹ Thus, though the

⁷⁸ Pierre Calame: 1999. p.12

⁷⁹ *ibid* p.5

intentions may have been genuine, the methods and means have failed to recognize the true dimensions and goals of the task. The result, in the case under study, has been a series of Conventions, donor driven and intended for ideal partners, couched in diplomatic terms, lacking a balance between resources and means, characterized by mistrust and non-transparency of method and agenda. In short, a relationship resulting in “generous, low-output cooperation, impotent for supporting effectively what itself defines as authentic development strategies...for supporting real processes over time.”⁸⁰

John Ravenhill suggests that the successive agreements are typical of a “clientelist” relationship between unequal partners, who both seek to maximize benefits from their association. He asserts that the longevity of the Convention, and the ACP’s reluctance to see it end, speak to an arrangement which has offered both parties some benefit, even though Lome has not proved to be the “revolutionary” turning point first promised by its early supporters.⁸¹ Peter Gakaunu also notes from the ACP perspective that the Lome arrangement, though imperfect, has been seen to play a significant role in development efforts and economic management, as well as providing a “manageable and operational framework” for cooperation between ACP states and with Europe.⁸²

The difficulties evident in the administration and planning of Lome programmes were common to many other donor initiatives. Many organizations and institutions have also spawned specific agendas and rules for their “partners in development”, which showed little consideration for developing countries

⁸⁰ *ibid* p.6

⁸¹ J. Ravenhill: 1985. p. 339

⁸² Peter Gakanuu: 1998. in Nordholdt and Haarhuis: p.5

differences and priorities. The cost and complexity of administration of complex agreements and programmes was often exacerbated by bureaucratic inertia and inadequate capacity *in situ*.

In short, “fashions” in development theory have created blind spots, allowing donors across the board to implement *and maintain* policies that visibly truncated progress in developing countries, in order to meet policy objectives of their richer trading partners. There has been all too little real altruism in donor countries trade policy, and coherent strategies among donors and multilateral institutions have been the exception rather than the rule. In addition, programmes were allowed to establish a momentum of their own, which had little to do with general recipient ownership of projects and/or results; often the (mis)appropriation of funds and futures by various powerful stakeholders and elites in the recipient countries was overlooked. Most importantly from a partnership perspective, there has been a consistent dissymmetry in reciprocal responsibilities, and a lack of mutual esteem, with the needs of the South consistently looked at through the prism of the North’s priorities.⁸³

Therefore, despite its early promises of parity and dialogue Lome did not really fulfill its goal of organizing North-South relationships as a partnership of equals. Yet, as stated earlier, the Lome Conventions still enjoy the distinction of being a unique example of an formalized, long-term association between regions at differing levels of development, which offered predictability and some stability of access and income for its developing partners. EU-ACP cooperation was no less effective or exploitative than many other forms of the donor-recipient relationship

⁸³ Pierre Calame: op cit id p.10

that derived from development strategies current in its era. The Conventions are charitably viewed then as a logical response to the limited choices offered by developed to developing countries, as they both faced increasingly competitive and open markets.

Despite this failure to realize its early promise of a development “partnership” of equals, the EU-ACP association has had some positive repercussions for the Caribbean. The region’s participation in both the ACP group and the ACP-EU negotiations has also had a notable influence on the capacity of West Indians to respond to the demands of global integration, through their exposure to and participation in international negotiations and fora. Throughout the association, the Caribbean has also been instrumental in providing leadership and expertise within the ACP during the duration of the agreements.

Indeed, Lome has proved one of the core agreements for Caribbean integration, trade and development. CARICOM has been the main conduit and beneficiary of the EC’s regional cooperation initiatives (an integral part of Lome’s development plan, in word if not in deed) and also has the basic infrastructure to act as a “motor” for future, wider initiatives. Its continued association with the EU regime has also provided a model for regionalization in the Commonwealth Caribbean, which seems to offer some hope of addressing concerns for uneven development within the CARICOM and the wider Caribbean.

However, in the long run, changing economic and development ideologies, as well as the growth of international trade cooperation forums, such as the WTO, have combined to question the legitimacy of seeking equitable growth through non-

reciprocity and exclusive trade preferences, such as those offered by the Conventions. By the time that the mid-term review for Lome IV was due, it was obvious that a major change in the EU-ACP trade agreements was in store. In November, 1996, the European Commission publication of its “Green Paper on relations between the European Union and the ACP countries on the eve of the 21st century: Challenges and options for a new partnership”⁸⁴ opened a challenging opportunity for the Caribbean to negotiate a new relationship with its long-term trade partners in Europe. The following chapter will go on to trace the post-Lome negotiations for a new trade and development regime between the EU and the developing world.

Conclusion

This chapter has set the historical scene for the case study, which focuses on the negotiation of a successor regime for the ACP-EU trade and development association. It has examined the social, economic and political “realities” which affect Jamaican policy options and outcomes, and discussed the island’s participation in successive regional projects, focusing on the Caribbean Community and Common market (CARICOM), as part of its development strategy. It has discussed the development/trade regime and knowledge base that has informed the region’s approach to integration and international relations and introduced the European Union-African, Pacific, Caribbean association as a seminal factor in informing that base. Finally, it has discussed the successes and failures of the Lome

⁸⁴ see Chapter 5 footnote 9

Accords in relation to the wider development and trade models that “governed” international relationships during recent history.

The next chapter will analyze the early stages of the EU-ACP Post-Lome negotiations, in relation to the foregoing theoretical discussions of Part One. It will discuss both the particular and general aspects of Jamaica-CARICOM-EU /North-South development-trade relationships, as they pertain to and are exemplified by the progress of this negotiation, as well as compare the rhetoric and practice of the EU development model in this context.

Chapter 5
Negotiating Change:
A Case Study of the Caribbean in the Post-Lome Regime

This chapter discusses the negotiation of a post-Lome trade and development partnership between the EU and CARICOM. Covering the period from the 1996 EU Green Paper through the signing of the framework Cotonou Partnership Agreement in Benin in June, 2000, it will evaluate the process in relation to the themes covered in Part One. Concentrating mainly on the change (or lack thereof) in order (as stability, organization and appropriation) evidenced in this negotiation, the following sections will concentrate on the involvement of multiple actors and their agency in designing a new multi-level structure for partnerships between countries at differing levels of development, as a response to the demands of globalization and neo-liberal ideology. Drawing on primary sources, such as negotiating documents, media reviews, speeches and both structured and informal interviews, it will outline the main issues discussed, to contextualize the concepts of social partnership/ cooperation/interdependence through the prism of a “European model” for regional integration and cooperation for development.

It will draw on the observations of participants, the media and input from the many reports, commentaries and studies emanating from the wider development community, as well as from the negotiating parties and their connected organizations, to assess the consonance and/or dissonance between rhetoric and practice. It will also use such material to connect the negotiation process to its historical antecedents and to the theory discussed in Part One, particularly focusing on the importance of “Community” in orienting the “Market” towards development.

The subsequent sections will then go on to predict and assess the important factors in the further negotiation/ implementation of a regionalized agreement for development.

Post-Lome: Setting the Stage for Development?

As discussed in the preceding chapter, a partnership development model based in regional cooperation has been the professed, if not actualized, goal of the EU-ACP regime since its inception in 1975. However, as also concluded in Chapter 4, that arrangement in practice did not perform according to early plans and expectations and has recently been replaced with a successor framework agreement that reflects many of the modern concerns of its signatories and the development community in general. This document is the result of a lengthy consultation period, which resulted in a large body of research/commentary on the historical and future practice of trade and development models.

The following case study will discuss the process that led to the Cotonou Partnership Agreement from the perspective of the input of several communities, at varying levels of social and economic development. As noted throughout this dissertation, the base unit for consideration will be the island of Jamaica, as a member of CARICOM/FORUM, and the ACP and one of the 71 'developing' signatories of the agreement. Individual leadership, group and institutional dynamics on several levels will be considered as integral to shaping the parameters of negotiation as well as the final agreement that emerged from that process.

There are numerous documents, reports and evaluations on the post-Lome regime for EU-ACP trade and development.¹ The purpose of this chapter is not to discuss in depth the overall agreement, but rather to outline two critical issues – regionalization-differentiation and coherence-compatibility- as they relate to

¹ A fairly exhaustive coverage of the negotiations from numerous sources/perspectives is available via the euforic/one world internet site

development planning in Jamaica and regional integration in the Caribbean. This will allow the following to focus mainly on the concepts of “partnership”, regional cooperation and the role that various factors may play in defining both the theory and practice of trade-development agreements.

Opening Gambits:

From the negotiation of Lome IV through the period leading up to its mid-term review (MTR),² it was increasingly obvious that much of the philosophy underpinning the ACP-EU agreements was no longer “in sync” with evolving development thinking. As Arts and Byron note,³ the MTR modified considerably the nature of the Lome institutions, adding a growing number of economic and political conditionalities. The resulting changes brought attention to a shift in focal issues and areas for donor countries/institutions. It was evident by the mid-Nineties that trade liberalization and increasing interest in the links between democratic and economic processes had combined with “aid fatigue” (particularly connected to continuing “under-development” in most ACP countries) to largely undermine the EU’s commitment to continuing Lome’s generalized, non-reciprocal regime. As early as 1995, Joao de Deus Pinheiro (EU Development Commissioner) warned that Lome IV would be “the last of the Conventions as we know it”.⁴

However, while many ACP countries were also increasingly discontent with Lome’s results, they were reluctant to give up the predictable “status quo” for an unknown successor arrangement. Slow to recognize the inevitability of change, the

² also referred to as *Lome-bis*

³ Karin Arts and Jessica Byron: 1997. p.86

⁴ the Courier 150 (quoted in Arts & Byron op cit p. 88)

member states were not only hesitant, but also in most cases ill-equipped to prepare for it. Their individual governments and collective secretariat did not have the research and administrative capacity to deal with the multiple issues concerned and individual regions/states found themselves at loggerheads over critical areas for cooperation. Therefore, from the beginning, the ACP countries consistently found themselves at a disadvantage.

CARICOM was no exception in resisting a change in its ACP-EU arrangements, as will be discussed later. However, as a corollary of this unanticipated re-focusing of development options, the necessity to assemble expertise and coordinate cooperation for these negotiations had a significant impact on the institutionalization of regional cooperation and integration, as well as the “domestication” of the dynamics of trans-/inter-national relations, as national electorates were increasingly brought into the negotiation process. Throughout the latter part of the negotiations then the capacity of the “lesser” powers to affect outcomes was increasingly important.

Jamaica was not slow to recognize its vulnerability as a non-focal area for concern⁵ and as a result national and regional leadership was instrumental in advocating and actively supporting solidarity within CARICOM and with the ACP. Therefore, a study of the specific Caribbean process of adjusting to the change in world order (implicit in this re-writing of a major regime) should give us some important insights into the agency of structural change, as well as point to some important factors in designing structures that might better support dynamic,

⁵ Given that the region was relatively stable and med-developing with only Haiti qualified as an unstable/least-developed country; see also RNM brief No. 004 @crmm.org

multipartite partnerships for the identification and realization of development goals and processes.

Actors, Structures and Process

Before tackling a more specific discussion of the case study period, it seems wise to set the scene for interaction. The previous chapter established the historical context and development knowledge base in which the post-Lome negotiations were to take place. This section will briefly cover some additional important factors in the negotiating climate for the new arrangements, by noting the basic structure and actors involved. This outline should serve to situate the study within the parameters of the more general IR/IPE discussions of Part One, which focused on regional integration theories in relation to complex interdependence and the international society of states.

Firstly, it is important to point out that though this study concentrates on regional interaction, the official signatories of the framework agreement are *states*. Even though the European Union and the ACP negotiated on the basis of their collective identity, their member states all had a significant input in negotiations and the process continues to be essentially state-led. In the following report, we will see that the state system and the conflicting/common interests of the various partners in international development assume both an important agency and structural constraint in framing the parameters of cooperation. In this context, the role played by the official institutions of joint-ministerial and diplomatic meetings in informing and involving other stakeholders is particularly significant. This category should also consider increasing consultation with and input from

parliamentary associations, with regard to the whole issue of the “democratic deficit” so often cited in regional/trade regimes – particularly since the involvement of parliamentarians is often placed on the same “side-bar” as that of non-state actors.

Secondly, one of the most important changes in the post-Lome arrangements was the suggestion that the agreement should be open to political conditionalities and involve multiple actors in its design and provisions. Such an approach brings into obvious relief the role that non-state actors – i.e. officially national civil society (NGOs) and the private sector, but also potentially transnational “civilian” actors - are expected to play in development partnerships. The arrangements for consultation and opportunities for non-state involvement in the negotiations therefore form an important potential for innovation in the new partnership model, at state, regional and international levels.

Thirdly, the opening of a political component to the agreement brings to the fore the concerns of equality and democratic process so often expressed in relation to market-led development processes.⁶ Given the commercial-trade focus of the present regionalization process in the Caribbean, there is cause for concern that a concentration on including the private sector more closely in the process, without a concomitant inclusion of the social actors, will undermine the developmental aspect of regionalism.⁷ This also opens up to question the underlying ideology of regionalism, as both a pragmatic and values-driven process that not only concerns

⁶ NB the comment on parliamentary consultation above .

⁷ See Serbin in Wickham et al: 1998. p112.

production/competition, but also cost-benefit assessments and social cohesion measures as an important aspect of adherence/compliance in a regional association.

Finally, the playing out of the twin processes of regional cooperation and global integration in relation to various levels of trade arrangements and regulation – with regional associations acting as mediators between national and international institutions - should lead us to a new appreciation of the socio-cultural aspect of development, as it relates to the reciprocal rights and responsibilities of the various participants. The conclusion of this dissertation will then outline suggestions to operationalize the partnership model, including areas for further research on the identification of workable institutions and policy processes, as well as plead the case for a more holistic orientation of academic work on these fields of interest.

Post-Lome: Issues and Process

As mentioned previously, throughout the Nineties there were signs that a major re-ordering of the European Union's development regime was imminent. In particular, there was an increasing questioning of the special relationship with the ACP on several grounds, by both the member states and other donors. While not all viewed the relationship in the same way, some of the criticisms included:

- the association's dwindling importance to the EU agenda, which is increasingly focused on Eastern European/transition economies
- concerns over the unequal preference available to ACP over other developing countries
- the failure of the regime to have any significant positive effect on development levels in many recipient countries

- the contradiction between the international/neo-liberal WTO agenda and the non-reciprocity of Lome

The first undeniable sign that the Union was ready to initiate a new regime was the Commission's publication of a detailed Green Paper to open the discussion on "The Future of Lome". The Green Paper On Relations between the European Union and the ACP countries on the eve of the 21st Century,⁸ published by the European Commission in November, 1996, was subtitled "Challenges and options for a new partnership". It outlined both the reasons for change and a number of proposals for the framework of a new partnership with the ACP signatories. Many of these proposals were controversial (to put it mildly) and gave rise to numerous commentaries, studies and rebuttals from a host of interested parties.⁹

The highlights of the Union's proposal for the ACP included:

- transition to full reciprocity/integration into world economy, including coherence within EU/member states' development/trade policy and compatibility with the international trade regime (WTO)
- regionalization-differentiation of the accord
- conditionality: "political dialogue" on good governance as a condition of funding

In analyzing this preliminary salvo, Kunibert Raffer commented that "after shifting Lome from contractuality and partnership to conditionality and donor power Europeans seem prepared to free themselves from the remnants of a unique

⁸ see : <http://www.euforic.org/greenpap/disc.htm>

⁹ see: Kunibert Raffer: "An Analysis of the Commission's Green Paper on the Future of Lome" (DSA European Development Policy Study Group Discussion Paper #9) <..euforic/dsa/dp9.htm>

+ ECDPM publications < [www.oneworld.org/ecdpm/pubs/wp_24\(-28\)_gb.htm](http://www.oneworld.org/ecdpm/pubs/wp_24(-28)_gb.htm)>

such as: E.S. Pangeti: "Reactions on the Green Paper" < wp27 ;

R. Grynberg: "Towards a North-South Monologue: a Pacific Response" < wp25

G.Huggins: "A Commentary on the Green paper.." wp28

system, once granted under exceptional circumstances”. He went on to suggest instead the alternative of “reviving the innovative spirit that the treaty originally had.”¹⁰ This chapter’s aim is to trace the negotiation process to evaluate whether the final agreement has met Raffer’s challenge (as its title might suggest) to embark on an innovative partnership between the EU and the ACP countries, focusing on the participation of Jamaica-CARICOM.

The Negotiation of the Framework Agreement

The formal negotiations for a successor agreement started in September 1998 and lasted one and a half years.

Institutional Structure:

The negotiations were carried out under roughly the same organization as the predecessor agreements (though we shall see that this was not the EU’s original intent.) The overall framework agreement was negotiated primarily through the Joint Council of Ministers - “where the negotiations start and end”¹¹ - supported by two other formal institutions: the ambassadorial and technical groups (EU Commission and ACP/CARICOM Secretariats) A number of working groups and committees reported to the ambassadors and the Bureau of the Council of Ministers was complemented by four ministerial negotiators, heading thematic negotiating groups:

- **The Central Negotiating Group:** for overarching issues such as the institutional framework; political dimensions and general provisions

¹⁰ K. Raffer: 1998. p.1

¹¹ C. Grant: in Hall and Benn: 2000. p.482

- **Private Sector Group:** consultation; economic and development issues; regional cooperation etc.
- **Trade and Economic Group:** trade related issues; compatibility; REPAs etc.
- **Group on Instruments and Finance:** technical cooperation; instruments; procedures etc.

The demands of the negotiations required formidable technical expertise and the ACP, lacking the internal resources of the EU (i.e. a Commission) also depended on external sources, such as independent experts, the Commonwealth Secretariat, the Organization of African Unity (OAU),¹² CARICOM and its Regional Negotiating Machinery (RNM).

There was some promise for a change in agency, as the formal process had been preceded by a lengthy consultation period and many of the concerns raised during this extensive examination of trade and development issues were instrumental in informing the final guidelines/ positions adopted for negotiations. However, in assessing the early negotiations, it is important to note that, though partnership and participation formed an integral part of the rhetoric surrounding the process, in fact the main discussions took place mainly behind closed doors. In the formal ACP-EU process, NGOs were granted observer status at some meetings, but detailed information was scarce, with both parties showing a “clear deficiency in terms of achieving full transparency and openness”.¹³

At the national level, the Jamaican leadership was publicly supportive of initiatives to inform and include non-state actors, but the attitude of the government

¹² www.oau.org

¹³ Schilder: 2000. p.7

–bureaucracy is perhaps accurately portrayed in a remark from one national bureaucrat, to the effect that negotiators were concerned that including civil society too closely in the process would “make consensus building impossible” and/or “undermine governments’ position”. Such a stance for the formal process was seen as acceptable, as the same interviewee saw it as “the government’s responsibility to consult its own society”.¹⁴

However, initially information forums, official communications, press coverage and commentary on the negotiations and issues surrounding them were all sparse in Jamaica,¹⁵ making it a challenge for local NGOs/civil society to participate in or evaluate the process. In addition, members of the more formal consultation committees later set up in Jamaica commented in interviews¹⁶ that meetings were convened on short notice, which left little time for adequate research submissions and also restricted continuity in participation. Jessop also remarks on disparities in the preparation/input from various private sector organizations and notes that:

there has been a complete failure on the part of Governments and the regional intermediary bodies, that are to be used for the delivery of aid programs to establish any structure or system to engage representative private sector institutions in ordered dialogue about developing and implementing private sector programs. Rather, communication and consultation is random. Little attention has been paid to establishing any official forum for regular regional meetings that will enable a structured dialogue to take place to enable private sector associations and their

¹⁴ see fn. 15 below

¹⁵ see Jessop: “This Week in Europe” 12-02-09

¹⁶ conducted by the author in 1998-2000; it was the author’s experience that members of civil society were much more forth-coming/informative than state/government representatives throughout the process . Both formal interviews (with members of the private sector, civil society and bureaucrats/state actors) and informal discussions were pursued, in addition to on-going media and document analyses throughout the process. Interviewees/discussants are not identified by name, as many wished to remain anonymous.

members to learn what is on offer; how they can bid for the funds that are available and the criteria that will be applied.¹⁷

In a more general context, a report from the Canadian North-South Institute comments too on a general lack of coordination and information exchange on trade issues among Caribbean researchers, organizations and institutions. It remarks on the “lack of transparency and accessibility of the research produced for ...official organizations”, noting that this may lead not only to a duplication of efforts, and weak linkages between funding and institutional strengthening, but also limit the building of an accessible knowledge base: a critical factor in improving civil society’s integration into negotiation/advocacy processes.¹⁸ The report goes on to mention the “shallowness ” of the contacts and consultations between policymakers and civil society, particularly with regard to regional integration projects. The report concludes that more independent, coordinated research is needed to “analyze the trade-driven shifts in the regional economies and to assess appropriate policy responses”.¹⁹

The beginning of the formal negotiation was then very much “business as usual”, with states/governments in control of both information and process. Despite the expressed goal to identify a new model for cooperation resulting in a “partnership agreement”, there was little sign of either local or trans-national partnership or agreement in the early days.

¹⁷ *ibid*: “This Week in Europe” 20-05-99

¹⁸ Westin and Blouin: 2002. p15.

¹⁹ *Ibid* p.18

Key Issues for the Caribbean

As mentioned above, the consultation documents had suggested some significant changes for the successor agreement (often referred to as “Lome V”). The principle of non-reciprocity was open to challenge, as was the solidarity of the ACP grouping and throughout the negotiation, it was the trade aspect of the EU proposals that dominated discussions in the Caribbean.

Regionalization:

For CARICOM, one of the most contentious issues in the EU’s position was the differentiation and particularly the regionalization of the new agreement. The Commission’s Green Paper proposed to “split up the Lome Convention into regional agreements” suggesting for the first time the idea of an enlarged cooperation arrangement for the whole of the Caribbean area. It was suggested that this would ultimately lead to the integration of cooperation with these countries into the framework of relations with Latin America, with the 37 member Association of Caribbean States (ACS) as a possible unit of organization.²⁰ The EU set out its position even more succinctly in its later guidelines for negotiation of new cooperation agreements (plural) with the ACP countries:

To meet the challenge of a changing international scene, the relationship between the EU and the ACP needs to be recast...Post-colonial days are over.

...The impact and the relevance of the Lome preferences have been insufficient to generate a real dynamic... More ambitious objectives, and in particular the steady integration of the ACP countries into the world economy...call for a shift towards a...genuine partnership. This approach entails the negotiation of regional or sub-regional economic cooperation and partnership agreements...²¹

²⁰ Green Paper: p.vii &p.41; presented as one of four options for geographical coverage of the successor agreement

²¹ EU Commission: Dec. 1997. “Guidelines for the negotiation of new cooperation agreements with the African, Caribbean and Pacific countries”

Such an arrangement seemed at a first pass to be consonant with the region's own plans to proceed to a widening and deepening of integration initiatives. However, CARICOM/FORUM members' reaction to this differentiation-regionalization option was vociferously negative. While internally *regionalism* and foreign policy cooperation/alliances were an integral part of CARICOM strategy, an externally imposed *regionalization* of the ACP structure was not to be countenanced. From this paper's perspective, this certainly constitutes one of the more interesting controversies in the framework negotiations.

Early in the process, Sir Shridath Ramphall (CARICOM/RNM Chief Negotiator) expressed the region's view that "negotiations must be founded on the rock of ACP solidarity" which had "made the Lome Convention possible...as a new way forward". He warned the EU of his disapproval of any initiative that would intentionally or otherwise "sacrifice these principles on the altar of fashionable doctrine", through the advancement of such ideas as 'differentiation', 'graduation' or 'regionalization'." ²² Thus the Caribbean delegation drew a dramatic distinction then between the internally-driven process of integration and any external imposition of a regionalization of the politically-based ACP negotiating body or a differentiation in their access to European markets or funding. The latter terms were thereby associated with the politically charged issue of a "forced and unequal" association of the developing partners in Regional

²² S. Ramphal: June, 1997: "The Argument against splitting the ACP" speech at the UK Consultation on the EU Green Paper.

Economic Partnership Agreements (REPAs), a form of Free Trade Area (FTA) with the EU.²³

This proved to be an important point of contention throughout the process, and elicited some tense discussions of principle between the various parties. Though *regionalization* of North-South cooperation through the accords was raised for the first time for post-Lome, and presented then a serious challenge to the ACP as an organization, *regional integration* as a tool for development has been an underlying principle of the ACP-EU association for years and was indeed an important facet of the Caribbean's international relations strategy. Thus it was important for the Caribbean to focus on analyzing and differentiating its internal processes in relation to external cooperation to establish a common position for the proposed trade provisions.

Regional Integration and Regionalization: Complimentary Processes?

Most analysts did not see the operation of differentiation /Regional Economic Partnership Agreements (REPAs) as being consonant with the agreement's stated goals of (a) regional cooperation and (b) development. On the one hand, differentiating treatment between LDCs and others would argue against LDCs participating in local regional projects, thus undermining a key development component of the agreement. On the other, differentiating among the ACP partners would break the solidarity and negotiating strength of a long-established political association with a significant *acquis* in regard to cooperation (both South-South and

²³ It cannot be denied that the Caribbean's interest in solidarity with the ACP was also fairly pragmatic, given the LDC/African focus of development aid and the "power of numbers" available through the larger association ; see p.240 following

North-South). Finally, many felt that the repercussions of eventually entering into Free Trade Agreements (FTAs) with the EU would be largely negative for the ACP countries, barring a considerable period of effective capacity building in all sectors. There were reservations expressed about the lack of both adequate funding and timeframes for such a transition, as well as concern about the level of analysis of the development effect of such an association.²⁴

The CARICOM assessment focused on trade as necessary to development but not sufficient in itself; many researchers supported their position that it would require the cooperation of all parties to make trade a development tool for the Caribbean and questioned the EU's motives in promoting REPAs. As the one ACP official remarked: "the path to the ideal trade regime- like that to hell- is paved with good intentions."²⁵ However, another observer commented in 1998, that the EU's REPA proposals might be seen as providing *either* a positive or a negative incentive for change- i.e. "a carrot or a stick." Without knowing the final result of the negotiations, he evaluated the two alternatives, noting the unlikelihood of the EU providing a larger "carrot", but commenting that the tendency to favour a "soft" agreement, with derogations for LLDCs and lengthy transition periods, would considerably weaken the "stick", limiting the use by the ACP of the threat of EU retaliation as a "policy anchor" for reforms.²⁶

However they viewed the EU proposals going in to the negotiations, CARICOM could ill afford to forego whatever help Europe was willing to offer.

²⁴ For a further discussion of REPAs option see: ECDPM: "Cotonou Infokit"
http://www.ecdpm.org/Web_ECDPM/Web/Content/Navigation.nsf/index.htm

²⁵ Quoted in J.McMahon; 197. p.12

²⁶ H-B Solignac-Lecomte: 1998. p2

Involved in several linked trade talks, the region viewed the ACP-EU arrangements as forming the first in a series of agreements that would frame a coordinated future approach to trade and development.²⁷

The European Union has traditionally been an important partner for the Caribbean; second only to the US in foreign trade, it accounted in for 19.7% of all goods exported in 1997; in imports: for 13.9%.²⁸ Even more significantly, throughout the ACP-EU association, the EU made sizable transfers to CARICOM countries via the support offered through the STABEX (exports) and SYSMIN (minerals) stabilization-income support measures; the protocols (which guaranteed preferential prices/quotas for sugar, rum, rice and bananas) and also through structural funds/ODA from both the Community as a whole and from the member states. It now appeared that such supports (other than some ODA) would be subsequently mostly withdrawn or reconfigured substantially during the transition period.

However, support (particularly for training and capacity-building) would be maintained or increased for regional cooperation, which remains a pillar for the new agreement. Such support would have an important effect on Jamaica-CARICOM's ability to effectively defend their interests in the international regime. The EU "model", both for regional integration and trade and development cooperation, continues to exert an important influence on the Caribbean political economy and development strategies, and was usually seen as complimentary to, or even an impetus for, the internal process.

²⁷ see "Compatibility and Coherence" below

²⁸ Caribbean Economic Performance report 2003 p. 65f. @www.caricom.org

There is little solid evidence that the inclusion of regional integration-cooperation within the Lome Agreements has had a significant effect on the *pace* of regional integration in the Caribbean. However, EU initiatives have certainly influenced the *operation* and *mechanisms* of regional cooperation in the Caribbean: CARIFORUM (1991) developed in direct response to the administration of the Lome Conventions Caribbean Regional Indicative Programme (CRIP) including the CARICOM states and the Dominican Republic.²⁹ Many maintain that successive regional indicative programmes (RIPs) have not achieved optimal effect, mainly because they have focused on diverse projects, instead of the whole process of regional cohesion.³⁰ However, the operation of RIPs³¹ have promoted functional cooperation and planning through their delivery processes; the interaction involved in coordinating National and Regional Indicative Plans also has encouraged a recognition of the regional synergies available to cooperating parties.

In addition, the demonstration effect of the European model for cooperation and the intellectual/theoretical work arising from studies of the process certainly had some influence on the Caribbean's regional and international cooperation procedures.³² The funding available through the EU directly contributed to focusing the type and scope of national programmes across the region, and encouraged the identification and resort to a common expertise/knowledge base to underpin national planning. We can see a nascent "social cohesion" effect, for example, with the emergence of basic infrastructures for a civil society forum, and a regional

²⁹ and originally Haiti, which has since become a member of CARICOM

³⁰ Pangeti:1997. p.6

³¹ Overall, RIPs account for 10% of global Lome funds; about ECU 125 billion was allocated for regional cooperation in Lome IV

³² Demas : 1987

private sector organization (encouraged originally by the promise of a special “decentralized cooperation” budget of 7.2 million ECU from the 8th EDF of Lome IVbis).³³

(As an aside, it should be reiterated here that CARICOM has not been particularly successful in involving non-state actors or mobilizing popular support for the regional Community. Consequently, the primacy of state actors and bureaucracy in both identifying regional goals and designing development strategies presented a challenge for adjusting mechanisms to include civil society and the private sector in both the re-launching of Caribbean regional integration and new partnership model. As mentioned above and again below, Jamaica and the Heads of States Conference have not always responded adequately to this challenge. The opinion that mobilizing society is a critical factor for realizing development goals is seminal to the argument presented in the conclusion of this dissertation and the issue of this facet of partnership/cooperation will be returned to later.)

It was evident to the Caribbean delegation that the EU-ACP emphasis on regional cooperation had provided a valuable addition to local initiatives and, given the increased interest in revitalizing the CARICOM project, and the connection of that process to South-South cooperation through ACP (and possibly EU) solidarity in international forums, the whole issue of maintaining the local momentum for integration, by separating the processes of local regionalism from external regionalization became critical to the early ACP negotiating position.

³³ J. Bossuyt: 1998. p.3f.

Sovereignty, Cooperation and Negotiation

The Caribbean delegation continued to urge resistance to any inclusion of *regionalization/differentiation* throughout the early negotiations for a successor agreement. For example, at the 23rd session of the ACP-EU Council of Ministers, held in Barbados in May 1998, P.J. Patterson (the Jamaican Prime Minister) took the unilateral initiative (as Chairman of CARICOM's Ministerial Sub-Committee on External Negotiations), of addressing a letter to the ACP President and heads of government, condemning the Green Paper as a "sinister combination" of political manipulations that sought to "fragment relationships...that have been nurtured over twenty-five years of Lome agreements". This intervention is particularly notable in that, while Patterson's missive supported the regional position on regionalization, it did little to improve Caribbean-ACP cooperation, as it stepped outside the official framework to do so. This initiative was then roundly criticized, despite the popularity of the views expressed, which were reiterated in Barbados' PM Owen Arthur's closing comments.³⁴

Official negotiations commenced in September 1998, and the Caribbean position - which stressed the necessity for partnership versus "diktat", on this and other issues - was eventually adopted as a pan-ACP negotiating guideline, much to the dismay of some Europeans.³⁵ This contretemps as a whole became an important example of the general difficulties of discourse, coordination and communication that marked the early negotiations as the direct corollary of past positions and disappointments among the participants.

³⁴ from personal notes as observer, Joint Ministerials, Barbados 1998

³⁵ ECDPM Lome 2000, No. 9, Nov. 1998. p.3

Identifying Common Positions:

The Caribbean-ACP interventions on this issue speak to the importance of several factors/concepts that consistently affected the negotiation process. Firstly: there was an important tension between national interests/sovereignty and solidarity/cooperation necessary for the ACP contingent to counter-balance the superior capacity and institutional strength of the EU. From Jamaica-CARICOM's position, keeping this larger body "on their side" had always been an important part of Lome negotiation strategy. It was felt that maintaining solidarity in the post-Lome era was even more essential, given the increasing focus of donor policy on poverty eradication/ LDCs and particularly failing African states.

But while Ramphall's comments underline CARICOM's commitment to this latter goal, Patterson's unilateral initiative in support of the Chief Negotiator's position emphasizes the persistence of state-oriented action and the seminal importance of national sovereignty that has consistently limited an effective regional voice. This is particularly notable in Prime Minister Patterson's case, as he was been intimately involved in the Lome process and appreciates the importance of maintaining strong ties with the ACP partners. In addition, he has also been a "frontline statesman and authoritative spokesman"³⁶ for regionalism in the Caribbean. His resort to such an exceptional gesture must then be seen as emanating from a desire to maintain the critical state-centric nature of CARICOM;

³⁶ Rex Nettleford: quoted by Ricky Singh, Jamaica Observer 15-02-04

it also draws attention to the importance of international forums as important areas for the “grand-standing” that is so popular in domestic (partisan) politics.³⁷

Connecting Theory to Practice: Platitudes and Principles

Secondly, this discussion brings up the importance attached to the discourse/semantics of interaction. While the distinction made between these two terms (regionalism/regionalization) was often perceived as artificial by the EU, from the Caribbean side there was a great deal of emphasis placed on “semantic differentiation”, which marked, in fact, an important part of discussions surrounding definitions and common understanding of terms during the early negotiations. Throughout the talks, there remained little agreement on either the respective definitions or the scope of either option, as a necessary response to global challenges. The Director of the Caribbean Council on Europe comments on the early statements by Caribbean leadership, noting the “significant differences over issues of principle”³⁸ that emphasized the competing ACP-EU approaches to development and trade issues integral to the negotiations. While some of the argumentation from both sides can be put down to political posturing and negotiation tactics common to most trade theatres, it is also indicative of a significant gap in the parties’ expectations for any future relationship and the different political and ideological mentalities that informed the language of the negotiations.

³⁷ It must be admitted that supporters might also see it as providing leadership to a mainly bureaucratic process

³⁸ Jessop: “This Week in Europe” 15/05/98

These two points (sovereignty-cooperation; discourse-ideology) are connected, in that they both direct attention to the parties' differing appreciations of seminal concepts within international relations. For example, let us consider here the various facets of the sovereignty debate that were covered in Part One³⁹ in relation to the role national sovereignty played in the regionalism-regionalization debate within the ambit of the Jamaican-CARICOM-ACP-EU relationships.

Sovereignty and Regional Integration:

The supposed "partners" in this agreement evinced quite different degrees of interest in the concept of national sovereignty. For the bureaucrats of the EU Commission (and to a lesser extent, the CARICOM/ACP Secretariats), sovereignty was "put on a back-burner", as it was most often seen as an excuse or stumbling block for increasing cooperation. The member states on the other hand, particularly in the Caribbean, held the principle on a par with basic democratic principles of "one man/one vote", as forming the bedrock of their continuing participation in regional and international affairs.⁴⁰ While the EU member states showed varying degrees of interest in such matters, depending on timing/sectoral interests, and all had experience of ceding authority to supra-national entities, the much smaller states in CARICOM had neither much experience nor interest in lessening their national authority in any way. Indeed, as mentioned previously, this attitude was largely responsible for their historically slow pace of regional integration and institutionalization. In their own estimation, Caribbean states' very existence depends on their continued legitimization as sovereign members of an international

³⁹ Chapter 3.

⁴⁰ see Grant in Hall and Benn: 2000; p.452; p.456; p.459

community⁴¹, and hence their solidarity on the issue of their formal, political equality in international forums was unbreakable.

Much of the documentation collected during this case study suggests that even the recent re-vitalization of the integration project may **not** be taken to indicate that these attitudes have changed substantially. The following is typical of the national sentiments, as expressed in interviews and, here, in the popular press:

The fact is that a formal political union...is not really an issue at this time. What is more critical... is economic integration. Which ought to be the focus and priority of Caribbean governments and those of us who understand the essential logic of regional conglomeration. In other words, what ought to be of urgent attention is the launch of the Caribbean single market and economy; this expansion of a single economic space. The better to provide a cushion against the buffeting that small states have always received, and which is worsening in today's globalised environment...But it is not only small states which appreciate this logic of conglomeration. It is a logic that is unassailable, too, in negotiations at the WTO, in post-Cotonou negotiations with the EU or for the FTAA. Ben Franklin's aphorism about hanging together or be hanged separately has great truth.⁴²

Rather, from one member state's perspective: Jamaica's renewed interest in the process may instead suggest regional integration as an attempt to *extend* its national sovereignty, by increasing its ability to fill basic governance duties. On the basis of my research it is argued that, in joining its future to that of its immediate neighbours and extending its interests to include the even larger EU-ACP groupings, this relatively small power is pragmatically pursuing first and foremost what it considers to be the best interests of its citizens: to protect their national sovereignty and right to keep decision-making capacity close to home.

⁴¹ Hall and Benn: 2001. p.lviii

⁴² Jamaica Observer: 13-12-2002: "Federation not real issue"

National priorities, in this case, form the core impetus to local regionalization and as a consequence, the ceding of some authority to a regional entity is not necessarily an endorsement of “supra-nationalism”, but rather an extension of domestic authority through cooperation/intergovernmentalism. It may also be argued that while this cooperation may alter the political economy of the region, it does not necessarily indicate the end of the nation-state as an important focal point for either international relations or development planning.

This is not to argue that regional cooperation as an extension of sovereignty/national development is the primary impetus for all parties, or even that it arose in Jamaica’s case out of a “rational” assessment of all options. Such a conclusion is not justified by the limited, mainly anecdotal evidence cited here. However, my argument for considering pragmatic national interests as a seminal factor in the pursuit of regional association does depend on broad-based evaluation of the economic, political and socio-cultural aspects of the Jamaica-CARICOM relationship.⁴³ This is an important consideration as, if this is so, it should affect not only the form but also the substance and institutional design of regional arrangements, in that pursuing economic integration at a deeper level also involves political cooperation and therefore a dilution of sovereignty and national autonomy. How then can we reconcile such a change as consonant with Jamaica’s wish to maintain its ability to identify *nationally* its long-term development goals?

The Nation-State:

This question brings into consideration our Part One theories of divided sovereignty, multi-level citizenship and also the concept of “nation” as distinct

⁴³ see also N. Petersen: 1998; p33ff. for a similar approach to integration in the EU.

from state. It is my argument here that what Jamaica plans to preserve is its nominal and popular sovereignty, as a Caribbean nation, through a willing combining of its political (foreign policy) and economic (trade and production) resources with its nearest neighbours. This association is promoted in order to obtain a critical mass of economic and political influence to adjust international structures and attract support, domestically and internationally, for the continued existence and future prosperity of its unique *nation-state*. It cedes this authority then not to a supranational authority, but rather to a state-led coalition- one that will operate at the behest of its local participants.

Regional integration in CARICOM is thus seen as desirable, because Jamaica, as one of the larger and (sometimes) more successful members, can definitely be a leader/winner in that process. Therefore, CARICOM is unlikely to supplant the state in the international system, but rather reinforce its capacity to act as an effective member.

Institutional Constraints

The Regional Negotiating Machinery:

The way in which the “regional negotiating machinery” (RNM)- the regional institution most concerned in external negotiations- was connected to CARICOM’s structural framework should lend some credibility to the argument for a state-driven integration project. Founded in 1997, in response to the region’s multiple obligations for trade negotiations, the RNM was not finally integrated directly with the CARICOM central institutions (despite the Secretariat’s early involvement in its design) but rather placed on a special footing, reporting to the Prime Ministerial

Sub-Committee on External Negotiations (headed by Prime Minister Patterson) and ultimately to the Conference of the Heads of Government. The organization of the RNM outside the CARICOM Secretariat's "bureaucratic culture" can be seen both as a reflection of an on-going regional political culture of "indecisiveness and uncertainty" concerning the desired role for regional institutions, as well as a sign of some distrust of their capacity to adapt to changing international climates. It is also a testament to the diverse national interests at stake and the persistent dearth of effective regional compensation mechanisms for "losers" in the process.⁴⁴

Nevertheless, in the early negotiation period the need to improve the delivery of information and expertise, through a limited-term, supra-national team with a quick response capacity, overcame national reluctance to cede some authority to the central negotiating body, which was involved at their behest.⁴⁵ However, charged with "composing the hymn sheet from which the region must sing",⁴⁶ the RNM operates in formal disjuncture from the other institutions and is thus more likely to encourage state-control, rather than further functional cooperation at a regional level.

Even with this close government connection, the member states' fragile commitment to the body led to a funding crisis after the main negotiations, which necessitated a re-structuring of the RNM's team/capacity.⁴⁷ The "shrinking" of the RNM was certainly dependent on member states' reluctance to either cede authority or to "put their money where their mouth is". One technocrat intimately

⁴⁴ Grant: in Hall and Benn 2000;p. 478f

⁴⁵ its status will change substantially in the second tranche: regional EPA negotiations (see conclusion)

⁴⁶ Ramphall: in Hall and Benn: 2001. p.667

⁴⁷ Jamaica Observer: 16-09-01 Rickey Singh: "Patterson Report calls for reshaped RNM"; 30-09-01: Anthony Gomes: "The RNM crisis"

involved in both the CARICOM and Lome /Post-Lome process maintained in an interview in 1998, that he had seen little evidence of a desire for any deepening of political structures in the region and was indeed “shocked” to actually see a positive article about CARICOM in the local Gleaner newspaper. He noted, however, the continuing need for a central negotiating team, given the complexities of almost constant trade negotiations and the specialized expertise called for in designing “third-generation agreements that cover the whole arena of access issues”.⁴⁸

The reorganization of the negotiating body at this stage might be partially attributable to not only to internal ambivalence, but also to the restricted role that the RNM was allowed to play in the Post-Lome process. The RNM had no official status in the framework agreement negotiating structure and the ACP resisted CARICOM attempts to involve it more formally in the process. The state-centric structure of these negotiations limited CARICOM’S and the RNM’s- Chief Negotiator’s tasks to providing advice to the Ministers. The weak linkages between the RNM and CARICOM Secretariat, as well as their peripheralization in the main negotiations did little to consolidate a regional voice/presence for the Caribbean Community.

The above observations attest to the importance of the international state system in constraining the agency of various non-state actors in the EU-ACP negotiations, from both without and within. Despite the emphasis on broad participation and the widespread input during the consultation period, both the ambivalent attitude of the CARICOM-ACP states to their regional partners (which

⁴⁸ Personal interview 15-11-98

includes formal/informal regional organizations, the private sector and civil society) and the structure through which the agreement was negotiated favoured the continued privileged role of states defining the final product.

Region to Region Cooperation

The previous section underscores the realist “state-as-a-purposive-unitary actor” aspect of the process, and emphasizes the constraints and “path-dependence” of institutional arrangements. This section, however, furthers the argument for a dual-based International Society-complex interdependence approach as most suitable for the analysis of the ACP-EU re-ordering process. It is undeniable that, despite obvious limitations, both Caribbean national and regional leadership and expertise played a vital role in defining the positions of the ACP on many issues. Regional cooperation plays a seminal role in the new agreement and transnational cooperation partnerships will be integral to the final operation of development initiatives, by extending national developmental goals and a sense of social contract to a wider community. The following section will consider the importance of regional bodies and *community values* in the negotiations.

The continuing consolidation of state-oriented forums for negotiating new regimes, even those in which new partnerships-arrangements will play an important role, emphasizes the critical role the international state system plays in constraining and informing any possible “new order”. This also argues against counting only market-commerce centred goals for regional cooperation to realize any change particularly in connection with trade and development. Since power differentials are so critical in determining trade agreement outcomes, small states must have the

support of a wider constituency to promote any agenda with aims and instruments that are not focused on purely economic mechanisms. Without a critical focus on the social cohesion aspect of cooperation, and a commitment to raising general welfare, smaller nations can only hope to perpetuate inequalities, in access and in representation and probably in outcomes. Therefore, the following argument considers normative regionalism and the conscious building of an international society of states as a critical factor in national pursuit of regional integration.

An International Society Of States

We can appreciate that it is in the Jamaican interest to seek solidarity at the formal (state-centric) South-South level to, again, attain critical influence in the power of numbers, both vis a vis the EU and within the larger international trade regime. However, the tone of the EU-ACP-CARICOM dispute over regionalization-differentiation indicates that continued cooperation with the EU-ACP will fit in with Jamaica's agenda only if it can hope to negotiate as a partner, rather than as a supplicant. In this context, we can also appreciate that the building of a "society of states" with a common social agenda, contiguous with the international state-system, is an attractive one for Jamaica.

Jamaica shares many of the Western democratic institutional arrangements and values of its European partners and continues to maintain relatively close links with the UK and the Commonwealth countries. It is also active in many non-aligned/alternative organizations, and, as mentioned below, is seeking to consolidate communication with the Jamaican global diaspora community. Through these and other links with both the developed and developing world, this

small nation is in an ideal position to exploit the synergies of interdependence and moral suasion to promote a developmental world order, under the auspices of the international state system.

To attain its goals, it will have to attract the support of other states, which may not benefit to any degree from allowing Jamaica to exploit the anarchical, self-interested system that realists propose. Thus it is to such developing countries' advantage to appeal to the interdependence/altruistic values so inherent in the complex interdependence/"development paradigm", to win support for a social contract. In the context of this negotiation, it may also be in the interest of the more powerful developed countries to support such an appeal, as they will win the essential benefits of stability and security: through expanded markets; increased influence (both moral and substantive) and, most importantly, through the legitimization of "their" international state system and development model. This in turn reinforces both international system and society by encouraging continued cooperation and coordination, for self-interest as well as altruistic purposes.

It may prove interesting to interject here the comment of a Caribbean negotiator that it was the Caribbean who first insisted, in Lome I, on the inclusion of provisions for horizontal integration/cooperation, when the Europeans were more focused on the vertical aspect. This argues that the small open economies were already quite aware of the synergies of multi-level cooperation early in the building of Lome acquis.

Just Society? The State-Society Connection

I justify the assumption that it is the normative social goals of regionalism that must drive international trade for national development, on the following grounds:

Throughout this case study we can see the “feedback loops” and alternance between competition- power-seeking and socio-cultural norms and goals, at both the level of CARICOM and within the EU-ACP association. Neither structure nor circumstance-process can be separated out as *the critical* influence in driving change; the relative influence of each is dependent on “actorness” within the boundaries of time and space. From a realist perspective, for example, Jamaica is relatively powerful in its limited sphere of influence and thus has been a seminal influence in Caribbean integration- both in slowing it in the early years and in invigorating it more recently.⁴⁹ In negotiating the First Lome Convention, the ACP was also relatively powerful due to the confluence of international circumstances; subsequently its power diminished. However there is also a third factor that may promote change: that is the power of *agency-ideology linkages*, a factor that is often influenced by past experience and a heightened appreciation for the dynamics of change.

Why regionalism?

Part One discussed the connection between regionalization as a process and regionalism as an ideology/model for development. The key issue in placing the Jamaican position within this negotiation flows from the semantics of differentiating these two terms and considering the repercussions of choosing to

⁴⁹ See Chapter 4

emphasize one (“neutral” economic process) over the other (“normative” political structure).

Firstly, it is important to admit that there is no really strong **economic** argument for Jamaica to participate in CARICOM, as a regional integration project, limited in both size and depth. While there may be certain advantages to coordinating larger, regional production networks to provide a critical mass for global competitiveness, the small size of the Caribbean market and the relative non-diversification of production does not show great promise for providing growth incentives to Jamaican exports *regionally*. In addition, Jamaica is one of the larger economies in the grouping (if not the most successful) and does not stand to gain much in the area of savings on reduced administrative outlays. On the other hand, there may be certain “signaling effects” provided by adhering to a regional plan for development, given that Jamaica itself has not had a particularly good record of stability. However, if the strictly economic advantages of integration are set against the cost of cooperation, there seems very little to recommend it in the long run (particularly versus the alternative of pursuing economic growth through bilateralism and/or private joint ventures).

There are some arguments for encouraging a regional approach to foreign policy/trade negotiations, but they are also not as persuasive for Jamaica as they might be for the smaller countries. If any Caribbean country might successfully “go it alone”, Jamaica would be high on the list of candidates. Nevertheless, this country is in fact providing a considerable part of the human and financial resources to “grow” the regional institutions. One must ask why Jamaica has

decided to seek cooperation over uni-/bi-lateralism and why it has chosen to mainly commit to such a course in the present negotiations?

The National Imperative:

There is no obvious single answer to such a question, but my hypothesis is that Jamaica's experience of international relations has led its leadership to conclude that this country's only long-term hope for survival depends on the founding of a trans-/ inter-national social contract for development cooperation. I base this thesis on two main *pillars*:

1. the importance of *nationhood/cultural sovereignty* as the basis for individual identity/security in the face of "globalism"
2. the historical experience of the Jamaican people as "citizens of the world".

This takes as a "given" the reflexive interaction of multiple actors and factors in determining the role individuals and institutions play in defining the values that shape international processes. Such a viewpoint obliges my approach to regionalism and development then to concentrate on the socio-political (rather than exclusively the economic) aspect of both processes. The foregoing attests to the important role that individual states, power and the path dependence of the collective system play in defining any (re-)ordering of the international system. However, we must also not underestimate the powers of individuals and/or non-state actors to define the interests of states and constrain their actions. For, as discussed in Part One, states only participate in international processes as

representatives of their electorates. National party politics and individuals/coalitions therefore play a seminal part in deciding the values and norms that are represented in the *definition* of a desirable order.

There are a number of issues, theoretical and practical, exogenous and endogenous, which might have encouraged Jamaicans to embark now on a period of structural change. The external and theoretical impetus has mostly been covered earlier under the rubric of globalization and the “development crisis”. The following section will discuss the more endogenous reasons for choosing cooperation and integration.

I base my assumptions (Pillars 1 & 2) on a significant number of articles, speeches and interview comments, which stress the importance of preserving the cultural inheritance/identity of the Caribbean in the face of encroaching “globalism”/cultural imperialism. Interviewees often referred to the significance of their cultural affiliation with the West Indies (i.e. the Commonwealth Caribbean) and with Jamaica specifically. For example, in an undergraduate seminar at the University of the West Indies in 1996, several students commented on first “finding” their national identity at the multi-national university, having previously identified more with their local community than with their nation. Others spoke of appreciating the commonality of their regional identity only when studying abroad.⁵⁰

Remaining in the academic community: one researcher commented forcefully that, while he had small expectations for CARICOM as an economic entity, he felt

⁵⁰ see also Kroes: 2000 p.189 for a similar perspective

regional cooperation was essential for the protection of cultural diversity.⁵¹ Another diplomat/writer expands on the West Indian “social reality” of cultural identity and kinship, whose more formal expression regionally can offer “practical benefits, such as those associated with ...enhanced negotiating status... and more effective self protection”. He also notes that such a regional formalization of culture and heritage is essential to avoiding “absorption into homogeneity”, and promotes the example of the European Union, which “confers the benefits of unity...while respecting its limits”.⁵²

Norman Girvan takes the concept of divided/shared citizenship and identities one step further, stating that:

Clearly Jamaica is an island, and also a nation-state. But for Jamaicans, ‘Jamaica’ is a state of mind, a sense of identity, a cultural reality which is created wherever they happen to be...The same could be said about people from any other part of the Caribbean. (Indeed there has been a notable growth, both from within and outside of the region, of a sense of belonging to a common Caribbean family.)⁵³

Glocalization:

This underscores the notion that the process of reaching such a position is not entirely internal. Jamaican nationalism in relation to a *regional* sense of identity-commonalty of interests has been both challenged and reinforced from without. On one hand, economic competition/partisan politics has tended to act against such a common cause, to encourage national versus regional agency. On the other hand, as was noted in Chapter 4, cooperation for external negotiations and external identification of the “West Indies” as an entity encouraged the growth of a regional

⁵¹ personal interview

⁵² H. Ross-Brewster in Hall and Benn 2000.p.39f.

⁵³ N. Girvan in J. Wedderburn: 1991. p.7

identity, as did functional cooperation through regional bodies (such as UWI, West Indies Cricket etc.).

Jamaica's traditional openness to international trade, its vibrant cultural heritage/national identity and its connection to a large diaspora community have interacted to allow its population to develop a wider affiliation to divided citizenship/loyalties than might otherwise have been expected from such a small island. As Watson notes:

Jamaicans living abroad are integral to the ongoing evolution and reconfiguration of the nations in which they reside, their location abroad and their relationship with Jamaica continue to figure in the reconfiguration of the Jamaican nation. This makes Jamaica "a nation without borders".⁵⁴

Indeed, though this nation is relatively large in comparison with its CARICOM partners, on a global level its very smallness has obliged it from a political-economic perspective to take common cause with other nations, in order to find a voice in international forums. Thus it has participated in the Small Island Developing States (SIDS)⁵⁵ grouping, an initiative that has aided its position within the EU-ACP negotiations.⁵⁶

Citizens of the World

The importance of extended nationalism/divided sovereignty is a particularly persuasive position vis a vis Jamaica's attitude towards integration. Throughout Jamaica's history, there has been a close connection between national culture, identity and social activism. The Jamaican national identity is an intentionally

⁵⁴ H. Watson in A. Bryan: 1995. p.187.

⁵⁵ refer to: <http://www.iisd.ca/sids.html>

⁵⁶ see ECDPM Lome Brief #4 :1998."What place for small island states?"

constructed one, built on a post-colonial population of masters and unwilling migrants. It is then a socio-cultural entity dependent on a common collective mentality that was formed through both independence and post-independence politics. The modern political culture arose out of activist social and labour movements⁵⁷ and the growth of a strong, active polity and national identity have been encouraged and closely connected to cultural icons and activities. For example, throughout her career as an artist and activist, Edna Manley's,⁵⁸ large body of work, particularly "Negro Aroused"(1935), "Bogle"(1965), "Mountain Woman" (1971) and "Ghetto Mother"(1981)- which Boxer deems "the icons of a nation"⁵⁹ - were closely linked to the political and social goals of government. Art and music in general have consistently played a significant role in defining the national psyche, strengthening a local social conscience based on equal rights and the concept of a unique Jamaican "people" as the basis for a cohesive cultural identity⁶⁰. Indeed, the "conscious" music of such famous musicians as Peter Tosh, Bob Marley and the Wailers has been one of Jamaica's most successful "exports", contributing greatly to the country's international profile.

Combining the arguments of the two previous sections, we can conclude that Jamaican citizenship/national id. is then dependent on both the construction and maintenance of a "common cause and heritage", as well as an external recognition of the "specificity" of Jamaican culture. However, this same specificity is often

⁵⁷ The two major political parties were both founded pre-independence: the People's National Party (1938): grew out of Norman Manley's campaign for self-government/ universal suffrage; the Jamaica Labour Party (1943): was an off-shoot of the Bustamante Industrial Trade Union

⁵⁸ 1900-1987; a skillful artist, activist and intellect in her own right, as well as wife of Norman Manley, father of Michael Manley, PLP party leaders and Prime Ministers of Jamaica (NM: 1959-62; M.M. 1972-80;1989-92)

⁵⁹ David Boxer: 1990. Edna Manley Sculptor; National Gallery of Jamaica; p.8

⁶⁰ see Sherlock and Bennett:1998. Chapter 30 p.389f.

subsumed within a larger “West Indian” identity, as externally there is little differentiation made between the Caribbean islands. In recent times, Jamaica’s social and economic instability has led also to connections with a significant *diaspora* population, which maintains close tie with the “motherland”, in the form of frequent social and economic contacts (particularly through family relations and “remittances” for support). The feedback then between Jamaica and the larger world community is significant and encourages a worldview that corresponds to the openness of its economy.

To appreciate the success of maintaining a future commitment to Jamaica within some larger community, we must also consider the ability of the state to respond to the welfare demands of its population. Despite its early social mission, the country’s political record has not been particularly inclusive or equalitarian. On the contrary, the socio-cultural cohesion typified by the country’s motto “out of many, one people” has been supported only very intermittently by an equally inclusive economic-political agenda. Even Michael Manley’s idealist social-democracy project in the mid-seventies was a largely partisan and elite-led process; in his second mandate, government was particularly tied to and strongly influenced by commercial interests and mainstream economics.

Thus, in Jamaica there has been a certain disjuncture between the strong civic nationalism based on the early “*gemeinschaft*” of a slavery –freed society and the later political-economic outcomes of a largely “*gesellschaft*”⁶¹ equal rights-independence state development project. Critical development decisions are tied to the international economy and often beyond domestic control. This has led to the

⁶¹ see Chapter 3: p119, fn.15-16

idea of *nation* being increasingly distanced from the workings of state-market. It has also opened society to the idea of protecting national identity as having an intrinsic value in its own right - one that places social and cultural “specificity” above all other markers. Yet, while Jamaicans remain strongly nationalistic and proud of their cultural identity, they are increasingly disillusioned with the state-driven political process and distrustful of its operation at both national and international levels.

In this context we can again refer to Norman Girvan, who typifies small Caribbean countries as “societies at risk”: from “the cult of individualist consumerism”, international drug cartels and erosion of national autonomy. He then emphasizes the importance of mobilizing the “creativity and talent of the Caribbean people” to manage “social transformation in a global context” through a combination of “proactive” coping mechanisms with a “strategic orientation”, particularly focusing on the need for the Caribbean to “define *itself* and *act in function* of this definition, rather than responding to the definitions of others”.⁶² Building on this line of reasoning, it becomes preferable for Jamaicans to choose *regionalism* (if not regionalization) as a development tool, in that it offers some promise of keeping at bay the heavy hand of *globalism*, (if not globalization) as an “imperialist” project.

In this argument, both state and society therefore share a common preference for sacrificing some authority and autonomy to a regional organization that can defend the concepts they most value: state sovereignty and national identity. The

⁶² N. Girvan: 1997 p.21ff.

relative linkages between structure, process and agency at a national-regional level, of course, also depends on the foregoing assumption that the state system will continue to be the motor of regionalization, rather than the reverse – which brings us back to the role that cooperation can play in building an international society of states, based on the normative goals implicit in regionalism and development.

A New International Social Order

This anecdotal evidence, as well as several evaluations of the relatively small economic gains offered by CARICOM⁶³ - which Owen Arthur (PM Barbados) refers to as “the world’s smallest, most volatile and most vulnerable economic system”⁶⁴ - have led me to conclude that Jamaicans have combined their historical experiences to be drawn towards a cooperative society-based solution to their vulnerability.

In the early years of CARICOM, the commitment of the Jamaican (and a significant part of the wider Caribbean) intellectual tradition to structural-functional theories of development (such as dependencia/core-periphery/world-systems) encouraged a defensive or “re-active” (rather than a “proactive”) attitude to international relations, typified by the pursuit of a relatively inward-looking regional project, which therefore limited North-South cooperation. Numerous articles and speeches, as well as interviews (specifically with government representatives and civil servants) indicated that in the early part of the negotiations, many felt that international structures at least constrained national

⁶³ see e.g.: M. Ramesar: in R. Ramsaran: 2002. p.356f; W. Dookeran: 1996. p.30;

⁶⁴ O. Arthur in Hall and Benn: 2001.p.624

options, while several were convinced that external forces “beyond their control” continued to limit the ability to compete internationally and were directly responsible for Jamaica’s development problems. Those who espoused the latter view then particularly felt that developed countries had a moral responsibility to offer special compensatory measures to former colonies – a point of view which was a feature of NIEO initiatives that led to the institution of non-reciprocity in earlier development agreements. More recent structural adjustment programmes, neoliberal agendas and confrontations typified by the US WTO challenge of the ACP banana protocol also disillusioned many on the possibilities for international cooperation. This led to distrust and a somewhat defensive and confrontational atmosphere in early discussions, as well as lending little encouragement to widespread interest or participation in what was often portrayed as a “fixed” process.

However, over the course of the negotiations, there was some change of tone evident in reference to the role small states might play in change. The “opening-up” of the region’s intellectual processes and trade regimes, and the “hegemony” of neo-liberalism internationally have evoked a more dynamic cooperative approach, which stresses the opportunities as well as the challenges of openness to global trade. This does not discount the importance of structures in limiting options - indeed the tone of most discourse is still one of altruism and moral obligation - but it does suggest that there is a possibility for countries to effect change in the

international system, through exploiting points of conjuncture and “structural opportunities.”⁶⁵

Exercising Agency

As Rob Kroes comments, the current reassertion of regionalism may be seen as a reaction to a “worldwide process eroding the regional specificity of community life”. He goes on to assert that “today’s regionalism is one attempt *among others* to reinvent cultural frameworks with which people can meaningfully identify”. [my italics] This author is dealing with sub-state regionalism, -which he calls “infranationalism”- but he admits that supra- and sub- nationalism are “dialectically related”, and maintains that the urge to re-invent the state does not remove its place as the “central address” for democratic representations and meaningful action.⁶⁶ Most importantly here, he depicts the process of regionalization as standing “at right angles to the logic of migration and the discourse of multiculturalism” noting that regionalism constitutes “one point along a continuum, rather than the polar opposite to identification with the nation”.⁶⁷ If we apply his reasoning to the situation of Jamaica within CARICOM and the ACP-EU relation, we may appreciate the balancing of integration-fragmentation that continues to affect the identification of the “proper” level for cooperation.

⁶⁵ see D. Marshall:1998. : whose work effectively presents a “neo-structural” account of Caribbean options, stressing the importance of regional integration. In my opinion, his approach reflects accurately the evolving “worldview” expressed latterly by many interviewees/public opinion makers in favour of regionalism for Jamaica

⁶⁶ R. Kroes: 2000. p.25f.

⁶⁷ *ibid* p.41

We may also easily relate this process to the stance countries adapt in negotiating trade and development regimes. Many states⁶⁸ defend themselves against the costs of cultural change, through the exercise of trade and non-tariff barriers. Indeed the EU's Common Agricultural Policy (CAP) may be seen in the context not just of economic gain or the retention of political bases, but also as an attempt, initially, to maintain the agrarian, rural nature of a rapidly modernizing Europe. Bringing REPAs into an argument and reflecting on Kroes' view of the state as the focal point of a "quest for a meaningful framework for collective action"⁶⁹ may also better help us appreciate the importance of establishing a "communitarian" approach to achieving development goals, through a state-led contract for partnership. The same technocrat quoted previously also maintains that any change in attitudes towards further cooperation would "depend on greater confidence in government"⁷⁰. We might extend his comments to refer instead to the wider concept of *governance* in the present context.

The mobilization of society through an appeal to culture, history and sentiment remains an important part of the local political culture and has a strong linkage to any social cohesion that has been realized. The following quote is typical of the discourse used to co-opt public support for action, as Dr. Rosalie Hamilton (Team Leader, Jamaica Trade Adjustment Team: Ministry of Foreign Affairs and Foreign Trade) comments on "the real meaning of transformation in the Caribbean":

Since our inception in the bowels of slavery and indentureship, the people of Jamaica and the Caribbean have been seeking transformation from a life of deprivation, indignity and disrespect to one of increasing wealth,

⁶⁸ France stands out in the EU

⁶⁹ *ibid* p.121

⁷⁰ personal interview 15-11-98

social dignity and respect. Our context has always been a global one. This means that the process entails transforming the terms of our integration in the global marketplace, which, in the past (and still today albeit in a different form), yielded enslavement and degradation, to terms of integration that can yield growth, development and prosperity. Transformation, therefore, refers fundamentally to developmental changes involving wealth creation and growth sufficient to overcome our inherited problems of persistent poverty, excessive unemployment, worsening balance of payments deficits and their concomitant social ills... At the core, this requires the transformation of the inherited structure of our economy...[and] also involves other broader social and institutional changes.”⁷¹

Therefore, it is likely that any impetus to integrate, regionally or internationally, will also be strongly influenced by such national sensitivities. It is my contention that cooperation for development will only be successful if it involves a socio-cultural element and widespread support/participation of non-state, sub-state and trans-national actors. Given the wide-spread distrust of political processes, good governance, justice and equal access to benefits will be key factors in the success of any development initiatives that are promoted. Regionalization is only valuable in this context if it improves the state’s ability to deliver public goods as well as protect the right of its society to identify the values that it considers vital. This emphasizes then the importance of a regional process that stresses normative goals and the mechanisms necessary to achieve them. Thus, we arrive at a consideration of *regionalism*: the ideology underpinning the partnership model for development.

⁷¹ Jamaican Observer: 27-07-03 “Trade and Transformation in a Global Economy”

The Partnership Model

As mentioned earlier, the first Lome Convention was instrumental in bringing a North-South partnership model into the “public eye”, but subsequent agreements have not proved adequate to the task of realizing it on an international scale. Nevertheless, the EU has managed to promote a partners-based model as the basis for its own development and maintains at least a rhetorical commitment to “partnership” in its donor relationships. The concept of partnership is indeed integral to the EU’s proposed successor regime and is one that has been widely promoted in both national and international development planning.⁷²

However, Teisman and Klijn⁷³ have noted the difficulties that governments have experienced in implementing partnerships within the constraints of traditional institutional mechanisms and relationships. We can in this case study extrapolate many of their observations on national public-private partnership processes to explain the wider implementation of the ACP-EU partnership for trade and development. In this context we note that the complexity of the negotiation of such partnership is due not only to the number of actors concerned, but also to their different perceptions of the problems, strategies and solutions involved. Partnerships are really a constant learning process and depend on a dynamic assessment of changing inputs and out-puts from numerous parties both internal and external to the immediate partners.

⁷² ie the UN’s “New Global Partnership for Sustainable Development”1992 and “The Global Compact” (Public-Private Partnership against corruption) 1999 ; the Monterrey Development Partnership/Millennium Development Goals, 2002 ;

⁷³ G. Teisman and E-H. Klijn: 2002. p.197f.

However, this proposed relationship is being carried out by and through institutions and mechanisms that are bound to the traditional hierarchy of the state system. Though leadership may encourage more inclusionary processes to improve results, the relationships enshrined in these institutions, with their complicated and hard-won *acquis*, resist change and, in practice, constrain the implementation of a more complex form of governance necessary to true partnerships. It is possible to conclude from the playing out of the ACP-EU negotiations that all the main actors need to take a close look at their multi-level, inter-organizational procedures, both locally and internationally, if they wish to draw on the real synergies that partnership model may offer. To further our understanding of the extent of the structural changes necessary to realize a partnership model for development, the following section will consider a second important aspect of the negotiations: that is the issue of coordination, coherence and compatibility of trade and development regimes.

We have proposed above that Jamaica, consistently and ever-increasingly challenged by its inherent vulnerability has finally decided to actively order its domestic and transnational priorities to respond to the demands of globalization, by taking both a defensive and offensive stance vis a vis its international relations. This stance is based in its support for a state-led regional project aimed at projecting its domestic priorities (or some common facets of them) into international attention, via a series of rolling alliances for economic development. At the same time, the country's leaders trust this cooperative effort will give it, as a

nation-state, the economic ability to pursue its own national goals within a revamped and flexible trade regime that reflects the essential diversity of economics models and lifestyle choices.

Compatibility and Coherence:

For Jamaica-CARICOM then a second important provision of the post-Lome negotiating proposal was the attention paid to making any future agreement coherent and compatible with not only the EU's development policy and priorities, but also with that of other multilateral organizations, particularly the WTO. The WTO challenge to the EU-ACP banana protocol⁷⁴ was seen as one of the main signals that the Lome Accords were doomed and that the international regime was to be a key influence on any future agreements. The resulting provision⁷⁵ advancing compatibility as a priority can also be seen as indicative of the EU's increasing move away from "alternative" or "third-way" development models, towards acceptance of mainstream, market-oriented neo-liberalism.

This gave the rearrangement of the ACP-EU trade regime an added importance for the Jamaica-CARICOM-ACP-EU relationship. The Caribbean region enjoys a unique position geo-politically between the two hemispheres, with traditional ties to Europe and increasing modern closeness to the Americas. As post-Lome negotiations were expected to coincide with FTAA talks,⁷⁶ as well as the next

⁷⁴ see e.g. "The Anatomy of the Banana Protocol Dispute" @<http://www.tradeobservatory.org>

⁷⁵ Art.34-4

⁷⁶ but seem now destined to precede them in the main, due to the USA's other preoccupations

WTO trade rounds, the type of provisions negotiated would have a significantly wider impact than the resulting agreement itself.⁷⁷

The post-Lome trade provisions would affect Jamaica's options in several ways, by:

- the period of transition allowed
- the funding/nature of national and regional capacity-building programmes
- the challenge offered by negotiating on simultaneous fronts
- the possibility that all trade agreements would adopt similar measures in regard to both national and regional trade measures

The issue of regional integration and regionalization of the trade provisions (REPAs) was also important in this context, as any transitional arrangements entered into with the EU would be subject to GATT Art.XXIV. This article is vague, not well-adapted to modern regional initiatives, and it was probable that the ACP-EU would require a waiver to proceed with any continuing preferential measures.⁷⁸ There would also be the consideration of the obligation to extend "Most Favoured Nation"(MFN) treatment to countries outside the original partnership.⁷⁹

Thus, solidarity and a common understanding of desired development and transitional funding instruments was crucial to the successful conclusion of the new regime. Again, trade provisions and arrangements would be most significant for realizing future planning goals. Indeed, as Schilder notes, throughout the

⁷⁷ see A-P Gonzales: 2003; p.3f

⁷⁸ see K. Schilder: 2000. p. 13f.

⁷⁹ see http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm; also Christopher Stevens: 2002

negotiations, it was not clear exactly what a WTO compatible ACP-EU trade agreement would look like.⁸⁰ This observation underlines the importance of a concerted effort to define and coordinate support for international provisions that would support national measures and instruments.

The Cotonou Framework: Managing Trade for Development

Jamaica played a critical role in the framework trade sector negotiations, through the interventions of Anthony Hylton, Jamaican Minister of State for Foreign Affairs and Foreign Trade, who held the position of senior ACP Trade negotiator. However, it should be noted that while Hylton's appointment was tied to his national position, his role was to coordinate and represent the interests of the region/ACP as a whole. Assessing Jamaica's input then involves an evaluation of its representative's ability to interact effectively on several levels: to regionally and internationally collect and coordinate technical expertise and negotiating capabilities across a number of sectors and issues.

David Jessop praises the final agreement as "a remarkable achievement" directly attributable to the "dedication and intellectual rigour" of the ACP team,⁸¹ citing Mr. Hylton and the CARICOM RNM as particularly responsible for negotiating a "WTO compatible arrangement of their own choosing". He also comments on the interaction of the negotiations and the WTO's Seattle ministerial, noting that the failure of Seattle "focused the European minds" and "the empathy and personalities" of the negotiators involved (which stood in stark contrast to "the

⁸⁰ Schilder: op.cit.; p.11

⁸¹ D. Jessop: "This Week in Europe" 4-02-00

arrogance, bullying and doublespeak” of the Seattle forum) played a crucial role in the success of the talks.⁸²

The final ACP-EU Partnership Agreement was signed in Cotonou, Benin⁸³, on the 23rd of June, 2000. It was set to cover a twenty-year period, with new financial protocols and possible review processes every five years (Article 95). Article 2 states the fundamental principles of the Agreement as:

- equality of the partners
- ownership of the projects by the actors concerned
- ACP definition of development strategies “in all sovereignty”
- Participation of non-state actors
- A “pivotal role” for dialogue and “fulfillment of mutual obligations”
- differentiation (with special account taken of LDCs and vulnerable island and landlocked countries)
- regionalization: with cooperation agreements “according to partner’s level of development,.. needs, performance and long-term development strategy”

The three main institutions of Lome are maintained with the Joint Parliamentary Assembly remaining a consultative body and the Committee of Ambassadors having its role further defined in regard to its responsibilities in preparation for Council sessions. [See Annex 4: Comparison of Lome-Cotonou]

⁸² *ibid* 10-12-99

⁸³ Originally slated to be signed in Suva, Fiji; a coup/civil unrest necessitated a change of venue.

However successfully the Caribbean represented its partners, the ACP compromised on many of the issues on which it had earlier taken such a strong stance. While the framework agreement was concluded with all ACP partners, thus avoiding legal differentiation to some degree, trade was subject to a second regionalized negotiation. Specific programmes and strategies for development are not laid out in the framework document, but will be later outlined in “a compendium providing operational guidelines in specific areas or sectors of cooperation”, subject to revision, review or amendment by the Council of Ministers. (Art. 20)⁸⁴ Thus, in reflection of the relative power of the two parties, the final arrangements incorporated most of the changes desired by the EU, without binding it to very defined obligations.

There is some evidence of a limited influence by the Caribbean, but overall the Agreement was seen as a successor to the tone of “discrete entente” peculiar to the earlier Lome Conventions.⁸⁵ Sir Shridath Ramphal, RNM Chief Negotiator, pronounced the agreement “not the best that can be envisaged” but “overall...a considerable advance” on the arrangements preferred by the EU in the Green Paper.⁸⁶ The inclusion of differentiation on behalf of “small island countries” (Art.2) was a positive provision for the Caribbean. Some deference was shown also to the region’s concerns about EU “diktat”, with the decision that the ACP should be responsible for identifying the individual or groups of countries for inclusion in

⁸⁴ For further details: see also: C. Salama and S. Dearden: 2002; Eurostep: “The new ACP-EU Agreement-an assessment and recommendations for implementation” <http://www.eurostep.org>>

⁸⁵ a term used by Marjorie Lister to highlight the unequal partnership/ political overtones of the officially neutral –non-political relationship; see S. Hurt: p.162

⁸⁶ RNM update 0002 (10-02-2000) @crnm.org

EPAs (no longer officially defined as *regional*), as well as in the downgrading of the provision on good governance from designation as an *essential* to a *fundamental element* which would only attract sanctions in cases of exceptional corruption. Further affirmation of the ACP “ownership” of the agreement was evident in the proposed establishment of a joint ACP-EU Trade Panel to analyze wider issues of liberalization and make proposals to defend developing countries’ positions at the ACP-EU council. The two parties also agreed to cooperate in seeking a WTO waiver for preferences extended during an eight-year preparatory period.

The initial financial envelope of EU 13.5 billion for five years was announced at the close of the final Ministerials in Brussels, in February 2000. However, there were no clear decisions reached on such important issues as the future of commodity protocols, export revenue stabilizing instruments (STABEX:SYSMIN) or the level of overall cooperation to be pursued on various issues at the WTO. Therefore, the most critical negotiations in respect of development cooperation-partnerships will take place within the second, regionalized tranche, to be held during the preparatory period.

Conclusion: Ordering Partnership

The “ordering” (requisition and organization) of a new ACP-EU partnership continues, with regional negotiations for a trade association between the EU and CARIFORUM, which opened in April 2004. The regionalization of the ACP trade

sector negotiations will inevitably entail a whole new process of consultation and negotiation between the partners at many levels. This will call for an opening up of local processes to input from above and below formal avenues of governance, as well as an adaptation not only of institutions and mechanisms, but also attitudes and discourse. It is evident to most interested parties that commitment to the basic principles of partnership and ownership has been mainly rhetorical throughout the negotiations and that the potential for change through the Cotonou instruments remains largely dependent on the strategies and mechanisms adopted during the subsequent trade phase.

Since Jamaica depends on regional integration to support its national planning process, it must also recognize that support for regionalization locally will be attained only if the principles of regionalism-partnership are extended both externally and internally. If equitable development is any more than a rhetorical goal of Jamaica within the ACP-EU agreement, this makes it critical to organize trade and regional integration in such a way as to quickly maximize economic benefits and establish close communitarian linkages between the various stakeholders.

We can appreciate then that the next decade will present a critical challenge for the Jamaican government to order its development instruments and options at several levels. In the foregoing chapter we have discussed how Jamaica and the CARICOM states were generally slow to respond to earlier signals for change in political and economic arrangements, but have recently adopted a more dynamic and proactive stance in their regional and international relations. The gradual

awakening of the local populace, led by a small “elite” conglomerate of academics, journalists and public officials has been traced through an analysis of public commentary, in the popular and academic press, as well as in the pronouncements of official representatives and bureaucrats. These sources have been mined as sources and reflections of the seminal concepts discussed in theory in Part One, to describe public opinion on trade and development, as well as to estimate the national attitudes towards globalization and its attendant affects on governance and welfare.

Documents, reports and studies from a wide variety of individuals and organization have also been referenced to identify and evaluate the multiple interactions of issues that will affect the implementation of the “Partnership Agreement” and its contribution to realizing of development goals. It has been noted that the arrangement’s commitment to complementarity and compatibility with other international donors and instruments will make the early identification of common interests and positions, both within and among the ACP and the EU members a critical facet of partnership’s success or failure.

The ability of the Caribbean Community to now take advantage of the preparatory and transition periods envisioned in the framework agreement to build a *developmental partnership* of multi-level stakeholders will have at least as important effect on national options as the ability of member states to realize the potential of an integrated Caribbean Single Market and Economy. The two processes will go hand in hand with the move towards global market integration and national development.

This study therefore focused on *regionalism* as a key factor in the planning and capacity-building exercise that is an inherent part of the post-Lome partnership programme. It is up to the member states to infuse the market-centred process of *regionalization* -both locally with CARICOM and internationally under Cotonou - with the normative logic of *regionalism* in order to adjust Caribbean society and political economy to the “realities” of a post-Lome world. Solidarity and cooperative efforts to address the challenges of negotiating equal partnerships must then extend to all stakeholders, with the member states assuming a fundamental role in collecting and disseminating research and information to the various agencies and actors through both formal and informal channels, through continual feed-back loops, which can open channels of communication in all directions.

The final chapter following will offer some prescriptive advice for adapting a strategic approach to regional processes, which will maximize Jamaica’s options for a successful future. It will sum up the evidence that was offered by the case study and by placing this study within the wider theoretical framework of Part One, will outline some important considerations for both the specifics and generalities of regional integration, international cooperation and development strategies.

Chapter 6

Negotiating Partnerships for Development: Rhetoric to Practice

This dissertation addresses the question of Jamaica's interest in regional integration as a critical factor in its national development plan. In this context, it considers the evolution of the Caribbean Community and Common Market, and the significance of the EU-ACP trade and development relationship as a factor in past and future regional cooperation initiatives.

The conclusions of this study are based on two linked premises. The first is mainly oriented towards development and international relations theory and the other focuses on regionalism, as a development strategy and process linked to the "glocalization" of both domestic and international relations. Both premises emphasize the importance of the socio-political aspects of development cooperation and the vital role community values play in the success of development initiatives. The first premise put forward in Part One contends that development may only be realized in the presence of a world order based on shared values of equality and justice, negotiated by a society of states. The theoretical discussion goes on to advance the second premise: that multi-lateral/-level negotiated regional cooperation agreements and partnerships (such as that proposed in the Cotonou Partnership Agreement) may be seen as an opportunity to build such a social order.

In Part Two then regional organizations in the EU/CARICOM are thus viewed in their context as "mediating institutions" within the international order and regional integration is studied in the specific context of its role as part of the "development tool-box" for Jamaica. By combining these two facets in the case study, this concluding chapter puts forward the prescriptive hypothesis that regional cooperation, as a development tool, will be most effective if it is designed with this normative goal in mind. In tracing the evolution of the new "partnerships" proposed in the EU-ACP agreements, I attempt to assess the early signs of how/whether this negotiation may effectively realize the goals expressed for it. In this context, recent developments in the organization of national, Caribbean regional, South-South and North-South cooperation are outlined, but the main emphasis is on the combined significance of both structure and agency in directing the process, as well as the importance of the implementation phase of a partnership model for development.

This final chapter will be organized into three main sections. The first will summarize some general thoughts on the linkages between development, international society and regional integration theories. The second will relate these to the process of regional integration in Jamaica-CARICOM arrangements, in relationship to the Cotonou Partnership negotiations. The final section will offer some evaluation/prescriptions for future planning to take into account the theoretical and practical aspects of “strategic regionalism” as a development tool/strategy.

The conclusions of this dissertation emerge from the preceding multidisciplinary analysis of both the knowledge base and the practical evidence of trade and development results in Jamaica, as part of the Caribbean Community. Both regionalism and development have many facets and have been approached from a number of disciplinary viewpoints. While the focus of this study is on regional integration, the context in which it is examined is very specific. It attempts to elucidate a specific domestic process (i.e. development planning in Jamaica) by placing it in its wider perspective, as part of the reflexive international trade process, in the context of both Caribbean regional integration and North-South cooperation for development through trade.

In order to establish the parameters of interaction, the first part of the dissertation outlined several theories of development and international relations, focusing on the complex interdependence/international society approaches to link the common goals of developed and developing countries in pursuing trade and

development partnerships. General theoretical assumptions were advanced to justify state-led development planning, while at the same time placing national initiatives within the context of international trade and regional cooperation.

The whole work is dependent upon the assumption that when examined specifically as part of development partnerships initiatives, regional integration takes on more than an economic role. The “Community” aspect of CARICOM has often been relegated to a secondary position in the regional movement. This study of regionalism, however, promotes communitarianism as integral to any development project, in that promoting widespread welfare involves a universal commitment to a social contract based on just change. Without the informed approval of the majority of both citizens and states, regionalization as a building bloc for a developmental order will remain but an empty promise. Regionalism is thus approached here mainly as a socio-political process, one which extends the community to the international stage and emphasizes the importance of multilevel social cohesion to development successes.

The International State System, International Society and Development

Basing its main premise on Bull’s study of international and world order, Part One focused on the state as the prime organizer of regional trade and development. However, specifically with a view towards evaluating regionalism as a development strategy, it widened Bull’s approach to “order”, to include three facets of the term: stability (i.e. order vs. disorder); organization (i.e. institutional design and sequencing) and appropriation (i.e. ownership and agency). Expanding the

range of *order* allowed for a consideration of not only the role of stability as a desirable goal for international relations, but also factored in the importance of process and agency in the quest for just change in trade and development practice.

Both stability/predictability and change/flexibility are important factors in promoting a developmental world order. The first condition is a necessary prerequisite for national development planning, in that it allows for a contractual framework, based on a rule of law for international exchange. However, to be truly developmental, any trade regime also must also take account of contingencies and unintended consequences, by offering some flexibility in application, to allow both for change in international climates and diversity in national capacities.

The importance of an international society/ complex interdependence approach to regional integration lies in its consideration of the social aspect of international relations in concert with the “mechanics” of an anarchical system of state interaction. Development and regionalism are demand –driven processes. Therefore, ideas and agency are important concerns. However interdependent the formalized process of international order may seem in an era of increased globalization, it is evident that “*interdependence invites a variety of responses*”¹ and fragmentation is as common a response as integration. Therefore, we may see here manifest in regionalism (as a strategy for development) the conscious application of a normative, goals-oriented response to international relations - one that posits the building of an international *society* of states and an international

¹ D. Puchala: 2003. p.210

world order, based on a common recognition that “demands for change have to be have to be satisfied if order in world politics is to be obtained”.²

Part One suggested that recent open regionalism projects were multifaceted, but were often driven in the South by two main factors: **donor fatigue** and **voter fatigue**. The first is connected to *international* development processes, which have so far failed to find the “formula for success”. In attempting to address this crisis in development, many donor countries have re-focused their development efforts on perfecting government as well as market processes, to encourage developing states to take on responsibility for and “ownership” of their own insertion into growth markets. Multilateralism/free trade is now promoted by the international state system - trade regime as *the* panacea for developing countries’ adjustment problems.

This study concentrates on the EU version of the mainstream solution. The European Union has consistently promoted regionalism as an integral part of its own strategy, as well as encouraging regional integration as a pillar of its development partnership programme for integrating the ACP countries into world markets, touting its “unique” approach as “capitalism with a human face”. This study aims at evaluating this “face”, by examining the evolution of open regionalism/neoliberalism, in conjunction with the EU-ACP (post-)Lome regime, as a strategy for development in the Caribbean.

The basic “philosophy” of social cohesion has played an important role in the European model for regional integration, with harmonization measures, structural funds for less developed states and special programmes to encourage sub-state

² Bull: 1995.p.xvii

regional development interacting to promote more equitable growth and access to benefits within the Community. Members, such as Ireland and Spain, which have taken advantage of EU help to underpin domestic reforms, have been particularly successful in using their regional associations to improve national welfare and international competitiveness.

Regional integration among the smaller CARICOM countries has not had the same effect, as it has so far neither the political will nor the administrative and financial capacity to coordinate a comparable regional cohesion project. However, in the context of the Cotonou Agreement, it may look to its vertical association with the EU to underwrite a series of interconnected initiatives, which will have essentially the same effect, with international instruments “funding” a regional progression towards a more community-directed developmental order. The success of such a strategy would depend, to a large extent, on instilling multilateral international regimes with the same philosophy of economic interdependence and social cooperation that has driven the EU.

This approach brings into a regional focus the second factor cited above: “voter fatigue” refers to a similar atmosphere of disillusionment, relating it to *domestic* economies and governance. National electorates around the world, but particularly in developing countries, are increasingly disenchanted with government interactions, both at national and international levels, and are consequently protesting and developing alternative networks to pursue welfare goals. In an attempt to respond to voter apathy and distrust, states have increasingly turned to regional cooperation projects to improve economic prospects and their

capacity to deliver services. Regional ties and harmonization programmes are also seen as important ‘signaling’ devices, which aid national governments in justifying and ‘locking in’ difficult local reforms.

In this context, we may appreciate that regionalism is promoted as a *mediating institution* that responds to pressures on the state, from both above and below. On the one hand, as discussed in Part One, regional integration movements are mainly economic plans to promote growth, by:

- cooperation for administrative and planning capacity, to improve the ability of governments to deliver public goods and increase domestic welfare;
- improving productive capacity regionally and
- foreign policy/negotiation cooperation to strengthen bargaining capacity in international forums.

On the other, as discussed in Part Two in a Caribbean context, regional integration also has defensive socio-cultural goals, to assure member states the necessary space and order (organization/sequencing) to grow not only regional competitive advantage, but also nationally acceptable, culturally sensitive strategies for development. In this dual capacity, regional integration is more than an economic process. It also assumes a role as a transformational process, whose jurisdiction extends into both domestic and international domains, to mediate between the often-conflicting demands of market and society.

The earlier discussions of regional integration also took care to differentiate between the process of *regionalization* and the idea of *regionalism*. Without the *ideology* of regionalism, the process of regionalization may not be particularly

developmental. That is to say, regional integration as a purely economic process, whether within a horizontal (S-S) or vertical (N-S) configuration, needs a clear political direction and social commitment to attain development goals. Therefore, in the partnership model advanced in Part Two, we examined how regionalization might be informed by a shared commitment to social cohesion, but might also in practice often be constrained by competing national priorities and institutionalized rivalries. This was a semantic differentiation that was important in defining the Caribbean position in the early Cotonou negotiations, and continues to influence the position taken on Regional Economic Partnerships in the second phase.

In connection with these general propositions for regional integration studies, the introduction to the case study (Chapter 4) examined the “playing out” of regional integration movements in the EU and the Caribbean during the duration of the Lome Conventions, with a view to examining the balance of order as stability and order as organization/appropriation in the negotiation for change that informs this unique North-South regime. It was argued in the following Chapter 5 case study that the *acquis* of this relationship, particularly the solidarity between the ACP partners and the often-challenged commitment of the European partners to a continued “developmental” relationship with this politically constructed grouping, played an important role in negotiating the new Cotonou agreement.

In examining CARICOM and the Cotonou negotiations, it was evident that there was a constant conflict between the rhetoric and the practice of the proposed “partnership”. It was maintained that unequal power, capacity and the state-centric nature of this negotiation (and of international trade and development agreements

in general) constrained significantly the potential for change and ‘true’ partnership in North-South relationships. However, the case study also pointed to the alternative power of agency and ideas in counter-balancing systemic “path dependency” with transnational networks, coalitions and changing configurations of citizenship/national identities, which are occurring as part and parcel of the process of globalization. It was argued then that national governments (with Jamaica here as the prime example) needed to seize the potential for change, by co-opting support both inside and outside national territories for a new configuration of governance that would encourage a “community” of like-minded citizens, within an international *society* of states.

Strategic Regionalism: Advancing the Case for Development

Regionalism, as a development tool, is necessarily underpinned by a proactive, dynamic approach to *just* change, both locally and globally. Such a dual focus for the regional process is dependent on the realization of a continuum of “developmental partnerships”, based on the equal participation of the various partners in the process. This would include (nationally) public-private partnerships, as well as decentralized cooperation among the various levels (rural/municipal/national) and stakeholders (private sector/civil society) in domestic and regional affairs. Internationally, the main focus would be on capacity-building through donor-recipient programmes and private joint ventures as well as negotiating coalitions/alliances aimed at regulating the interactions of the market, through institutionalized cooperative mechanisms for trade and development. This

is, in essence, the type of partnership proposed *in theory* by the ACP-EU Partnership Agreement.

Such a project emphasizes the importance of dynamic long-term planning for national governments. To extend this argument towards a “future planning” exercise, based on the limited case study, the following section will examine further the contradictions between the rhetorical commitment to cooperation and the practical implementation of cooperation mechanisms, as evidenced in the continuing process of integration in the Caribbean and the negotiation of Economic Partnership Agreements under the Cotonou regime.

In this dissertation, the “cooperative partnerships” model for development is placed within a specific context: that of the European Union- ACP “Cotonou Partnership Agreement” (CPA), a framework document concluded in 2000, after a prolonged consultation/negotiation period. While partnerships can be understood to include a wide variety of relationships, the CPA and its consultation documents lay out quite an extensive coverage of the role of cooperation, from public-private to state-region to region to region initiatives. Any analysis of the EU-ACP relationship may also draw on the wide body of research/documentation on regional and development associations within and among the various parties. Therefore, examining the CARICOM-ACP-EU relationship in its wider context played an important role in the adoption of the premises that in turn inform the prescriptive aspect of this chapter.

In the preceding chapters, it was pointed out that turbulence and disorder during periods of change, while disturbing, also offer opportunity – which Marshall points to as “conjunctural moments”- for systemic change.³ It is suggested here that the Caribbean stands now at the crossroads of such a challenging opportunity. The negotiation of an Economic Partnership Agreement with the EU, coinciding as it does with a major regional re-organization, as well as an international trade round focused on development (Doha) and a re-thinking of hemispheric trade associations (FTAA), will present just such a strategic opportunity for advancing a development agenda that will address Caribbean concerns. Therefore, it is incumbent on the member states/Community to adopt a dynamic stance to take advantage of the synergies of “strategic regionalism” to cooperate for positive change, locally and globally. The logistics of such a “strategic regionalism” as an ideological approach to national development will be discussed at greater length later in this chapter. First, let us consider the changes that have taken place since the first phase of Cotonou was completed in 2000.

The External Dimension:

Since the signing of the framework Cotonou Partnership Agreement, there have been a number of important changes in the international climate for trade and development. The 9/11 terrorist attack in the US and the subsequent conflicts in Afghanistan and Iraq have significantly affected the focus of international relations, now increasingly oriented towards security and the Middle East. This has entailed largely negative repercussions for development funding in the Caribbean and also

³ see Chapt.5

had a noticeable impact on the individual economies, particularly those heavily dependent on tourism.

[It may also be helpful to consider as an aside here Bjorn Hettne's contention that regionalism as expressed by the EU's foreign policy initiatives may be seen as an alternative to the unipolar, unilateral organization for world order adopted by the (post 9/11, President George W.Bush's) "Pax Americana" regime. In a recent paper,⁴ Hettne bases his predictions on the contention that "increasing regionness implies that a geographical area is transformed from a passive object to an active subject". He then postulates that:

The political ambition of establishing regional cohesion and identity has been of primary importance in the ideology of the regionalist project. Actorness implies a larger scope of action and room for manoeuvre, in some cases even a legal personality (Bretherton and Vogler , 1999). Actorness is closely related to regionness, the latter implying an endogenous process of increasing cohesiveness, the former implying a growing capacity to act that follows from the strengthened 'presence' of the regional unit in different contexts and the actions that follow from the interactions between the unit and the external environment. Regionalization and world order are thus mutually reinforcing each other.

Hettne then draws attention to the possibilities for a new world order as centering on the diametrically opposed foreign policy (including trade) decisions being pursued by the USA and the EU. He depicts these as offering a stark contrast between the American option: unilateralist, hegemonic "coalitions of the willing" and an EU-centred, multidimensional and pragmatic horizontal institutionalization of cooperation between regional "partners". He admits that a "firm purpose" or coherent pattern for EU relations has not yet emerged, but predicts the latter scenario may result in the emergence of a world order in which "the states system

⁴ see B. Hettne: 2004, p.8ff.

would be replaced or complemented by a regionalized world order, and by a strengthened global civil society supported by a ‘normative architecture’ of world order values: multiculturalism and multiregionalism.”⁵

I argue here that the choices may not be quite so stark and that regionalism as a *state-led* project may offer a middle road, in that regional associations may continue to co-exist and mediate between lesser and greater state powers, as well as offering alternatives and support to initiatives that arise outside narrow state concerns. Thus vertical regional agreements and horizontal (local) integration processes will “shore up” the state system by improving governments’ capacity to deliver the welfare benefits of global trade and cooperation. At the same time, general regional interactions, particularly those that depend on long-term, institutionalized cooperation will favour the growth and influence of trans-national networks (between both state and non-state actors) focusing on establishing norms and positions on cross-cutting issues. The diverse feedback loops between these multilevel processes may then be manipulated to support a more inclusive and institutionalized “society of states”, which offers the advantages of both international cooperation and decentralized democratic processes.]

In addition to changes in the international climate, changes have also taken place within the signatory countries of the Cotonou regime. During the negotiation process, several significant events in Europe certainly had an impact on its external relations; these include:

⁵ *ibid.* p.9

- re-arrangements within the Commission and the development policy of the EU (i.e. the re-allocation of positions within the Commission Directorates and the “Everything but Arms” (EBA) initiative)⁶
- the negotiation process of a Constitution for the European Union⁷
- the EU Enlargement to take in 8 Eastern European transition economies plus Cyprus and Malta.⁸

Caribbean regional institutions have also undergone considerable adaptation, with the re-organization of a Regional Negotiating Machinery, a nascent Caribbean Court of Justice⁹ and a revitalization/expansion of consultation instruments, including a Regional Private Sector Organisation (CAIC) business forum,¹⁰ Civil Society Forum¹¹ and more frequent meetings of the Assembly of Caribbean Community Parliamentarians.¹² Coordination and harmonization of economic measures for the CSME have also moved ahead, as have multilateral region to region trade and association agreements.¹³ There have been formal statements of support for improved inter-bloc relations with other regional bodies, such as the ACS, Mercosur and ECLAC.¹⁴ (Since the EU regionalization project seems to favour a Caribbean grouping including Latin America, these are particularly important initiatives.)

⁶ see: EBA: http://eurostep.antenna.nl/detail_pub.phtml?page=pubs_position_trade_ebarep; Commission: <http://www.euobserver.com/?aid=4918>

⁷ EU Constitution and Development Coop.: http://europa.eu.int/futurum/documents/other/oth010503_en.pdf

⁸ enlargement and budgets: <http://www.euobserver.com/?aid=16007>

⁹ see: Caribbean Court of Justice@ www.caricom.org

¹⁰ see: <http://www.trinidad.net/caic/>

¹¹ see “Civil Society” @ www.caricom.org

¹² see Assembly of Caribbean Community Parliamentarians (ACCP) @ www.caricom.org; for critical comment: http://www.ccmacanada.org/ccma/News_Room/New_Articles/may2004/arole.htm

¹³ see CARICOM.org

¹⁴ See Caricom Press Release 133/99

The Internal Imperative:

Jamaica has also stepped up its efforts to improve national-regional consultation mechanisms, with such initiatives as the 2001 meeting of a local civil society forum on integration and development¹⁵ and the founding of a civil society advisory committee on trade.¹⁶ Communication and information networks have shown some improvement and the media carries more news and commentary on both regional and international issues and negotiations. As Dr Kenny Anthony, Prime Minister of St Lucia advised media representatives recently: “for regional integration to become an effective reality, Caribbean people must first arrive at a “shared perspective” of the quintessential similarities that bind us together” despite “superficial differences”...The regional media, as caretakers of information and communication, is at the centre of this process. They share the responsibility of educating the people of this region about the commonality of our circumstances, the similarities that bind rather than divide us the common solutions we might apply to our own development”.¹⁷

The Ministry of Foreign Affairs has also begun to improve channels of communication with the international Jamaican community, most recently with a major conference “to update nationals overseas on specific aspects of national development” and eventually aimed at creating “a mechanism to facilitate their conditions, contribution and involvement” in that process.¹⁸

¹⁵ see National Consultation on Development, Jamaica @caricom.org

¹⁶ Jamaica Gleaner: 5-05-01: “Local advisory group on global trade formed”

¹⁷ Jamaica Observer: January 18, 2004 Claude Robinson: “The media and Caribbean integration”

¹⁸ Jamaica Observer: January 28, 2004 : “Foreign ministry to host forum for J'cans living abroad”.

A national election was also held in 2002, with the PNP being returned for its third mandate. This should have a positive effect on regional orientation, as Prime Minister Patterson¹⁹ and his party have been supportive of increased cooperation, while the opposition JLP leader Edward Seaga has been openly opposed to and critical of several aspects of regional integration, including the establishment of the Caribbean Court of Justice.²⁰ On the other hand, in recent municipal elections the JLP has established some important small town constituency support, to revitalize community development projects, and this indicates a second positive result of the partisan political process, in that the oppositional/alternance nature of the system has encouraged some important attention to and improvements in sub-state, municipal processes.

However, on the negative side, it should also be noted that Anthony Hylton lost his seat in the Jamaican national elections, with several commentators observing that the loss was largely due to the frequent absences from his constituency necessitated by his role in the Cotonou negotiations. The fact that Hylton's high profile abroad did not compensate for his absence at "home" emphasizes the challenges of balancing local, regional and international initiatives and the importance of making the larger domain of political action more accessible to local electorates. (PM Patterson subsequently appointed Hylton as his special envoy/Ambassador for international trade, so his expertise will not be completely lost.²¹ However, his position is similar to that of the RNM, in that it is

¹⁹ See Jamaican Observer: 29-02-04. Rickey Singh: "Caricom lauds Patterson's 'leadership'.";

²⁰ *ibid* 16-05-04: "Opposition Parties out of step on CARICOM"

²¹ Jamaica Observer: 30-11-02: "Hylton appointed trade ambassador"

superimposed on the existing institutions/administrative organization, rather than integrated with them.)²²

Given the openness of the Jamaican economy and society, internal and external factors will continue to play an important role in determining the country's future in the coming years. Its participation in the Cotonou negotiations could prove a seminal influence in preparing local leaders for a cooperative approach to solving the problems faced by mid-developing/small island economies within a development climate increasingly focused on integration and "self-sufficiency".

The following section will outline the concept of "strategic regionalism" and discuss the significant role such an approach might play in optimizing Jamaica's influence in identifying its options and priorities in a globalized world.

Strategic Regionalism

While the core case study has discussed primarily the framework negotiations, it is increasingly evident that the Cotonou Agreement transition period, in conjunction with subsequent trade negotiations, will offer numerous opportunities for the practice of "strategic regionalism". We can define this last concept as multi-dimensional regional cooperation, with clear-cut long-term goals and a dynamic and flexible leadership, supported by committed national governments and civil society. Caribbean strategic regionalism should depend on a *sui generis*

²² Jamaica Observer: 8-12-02: Editorial: "Welcome Anthony Hylton, but.."

organization that is flexible and subject to constant oversight and readjustment by effective institutions.

The Cotonou Partnership Agreement is dependent on a continuing dialogue, aimed at “influencing the context in which development can take place.”²³ As noted in Chapter 5, despite their strong opposition, the ACP has only postponed regionalisation of the agreement. ACP-EU trade after 2008 will be divided into several differentiated Regional Economic Partnership Agreements (REPAs); these should be reciprocal and WTO compatible, covering essentially all trade and implemented within 10-12 years. As also discussed, regional integration locally will be complicated by the different options available for LDCs (who will retain preferences).²⁴ Therefore, the regional aspect of Jamaica’s development planning will significantly affect the national electorate’s future options. Ultimately, Jamaica’s successful implementation of its development goals will depend on its ability to realize structural change not only in its internal processes, but also in its relationship with regional and international trade partners.

I would like to expand here on the aforementioned matter of the agreements’ “semantics”, to suggest that the regionalization of the Cotonou trade phase so far shows promise of being more market- than development-driven, in practice if not in theory. This indicates a central logic to the agreement that leans towards pure neoliberal *regionalization*, rather than developmental *regionalism*. As numerous studies have suggested, the instruments and practical application of the agreements

²³ Poul Nilsson (European Commissioner for Dev. Coop.): June 2000. Speech at Signing Ceremony for Partnership Agreement, Cotonou, Benin

²⁴ There is a movement afoot to “sneak” the Caribbean in under similar provisions, as vulnerable small states, but so far it has not had any significant support from other partners

– as witnessed in the size of the financial package, the length of the transition period and the contradiction of various facets of EU development policy (e.g.. E.B.A./LDC differentiation²⁵) – all mitigate against an overall positive, developmental effect, particularly when considered in relation to factors external but pertinent to the REPAs (such as the non-tariff barriers/market access issues of the EU Common Agricultural Programme and the increasing internal demands on EU budgets pursuant to enlargement).²⁶

It may be that any European commitment to a “human-face” will be largely negated by budgetary realities. If such proves to be the case, the coherence and compatibility aspect of the agreement will play a major role in any overall developmental order, and will necessitate a wider and stronger ACP-EU political contract to commit significant resources to capacity and access issues on a global scale. If the EU is unable or unwilling to actually “put its money where its mouth is” on developmental funding, it will be incumbent upon the ACP partners to ensure that all its European partners at least form a common front to support in the WTO the development processes it has so widely discussed and defined, during the post-Lome consultation process.

The first phase of Cotonou is not by itself a trade agreement, but rather a “commitment to agree” no later than the end of 2007.²⁷ Given that there has been considerable disagreement between the EU member states as to the desirability and/or extent of EU support to the ACP as a special group, this will involve considerable bi-lateral as well as multi-lateral lobbying, particularly at the level of

²⁵ see footnote 6 above

²⁶ see footnote 8 above

²⁷ see ECDPM: 2001. Cotonou Infokit 15 “ACP-EU negotiations after Cotonou”

parliamentary and civil society networks. This again emphasizes the (international) *society of states* aspect of development cooperation, as concerted interaction at an international level takes place mainly through state representatives. There is also certainly a growing space for non-state actors to offer input through transnational coalitions, but the effectiveness of any interventions would obviously benefit from improved coordination and communication between public, private and civil society partners at the state and regional level.

The second regional trade phase offers then some leeway for DC negotiators to affect the nature of final agreements, as well as the productivity of interim transition mechanisms. In the previous chapter, the REPAs were discussed as promising a “carrot” or a “stick” approach for development actors.²⁸ The Phase One results did show a bit of both. On the negative reinforcement side is the detrimental effect than a sudden loss of preference would have on the Caribbean; therefore the Caribbean had little choice other than to sign on to the framework agreement, in order to take advantage of whatever transition period/funding was available. As one participant in the recent Caribbean SIA Consultation Seminar commented: “Are we negotiating or begging? On principal one can walk away from a negotiation. In the case of the current negotiation let us be clear ‘We are beggars, not choosers’.”²⁹

As for positive reinforcement: the fact that the EU-ACP countries cooperated in the WTO to obtain a waiver to continue Lome preferences until 2008³⁰ was a definite incentive for the region to continue the relationship. During the transition

²⁸ see Chapt.5

²⁹ SIA @ http://www.cpdngo.org/trade_position_papers.htm 2003. p.17

³⁰ see <http://www.ictsd.org/weekly/01-11-15/story2.htm>

period, the interim capacity-building programmes for both the public and private sector should considerably compliment local adjustment initiatives, particularly in CARICOM, where regional integration is well advanced. The cooperation procedures, which provide for the inclusion of the private sector and civil society in the transition process should also help build a community forum to support government initiatives. Direct funding of private sector projects and the establishment of capacity-building mechanisms and joint venture projects will also aid in regional adjustments to reciprocity.

However, the funds and measures offered by the Partnership Agreement itself (though not insignificant) are probably insufficient for the challenges posed to the whole ACP. The 9th EDF will increase by 5%, to 13.5 billion Euro,³¹ with the addition of EIB loans and the outstanding balance of previous EDFs, this will be topped up to a global total of 24 billion Euro for the transition period. The commission has also committed to further increasing disbursements to ACP regions.³² For example: transitional funding for CARIFORUM institutions will amount to 750.000Euros to 07/04, with other regional institution projects (CCJ, CSME) projected to a total value of 22M+ Euros.³³

Whatever its length or aid package, any transition period can only buy some adjustment time and regional leaders recognize that the Caribbean must quickly “turn their attention to forging ...development strategies that go beyond the current global euphoria with liberalization,”³⁴ to find a formula to avoid serious welfare

³¹ IPS 06/24/2000 notes this represents a drop of 3% in real terms over the previous fund

³² ECDPM: Negotiating Brief 8, June 2000

³³ see www.europa.org

³⁴ Anthony Bryan: op.cit p.375

slippage. While regional development may seem eminently feasible on paper, there remain a number of psychological and political stumbling blocks that must be overcome. As Marshall notes, it is the ability to not only “seiz[e] *fortuna* within a favourable juncture” but also use it to underwrite transformation, that ensures a desirable outcome.³⁵ Certainly, if Jamaica does undertake to meet the challenges of globalization with regionalism, it will require all the resources available to realize such a project. Indeed many consider the time and funding available for transition to full reciprocity will be insufficient and argue for a special “Blue Box”³⁶ focusing specifically on the region, as Small Developing Economies.³⁷

Given the complexity of the planned changes in overall trade, it is beyond the parameters of this paper to outline the eventual specific effect of any EU-Caribbean FTA entered into after Phase Two. Suffice it to say that the loss of European preferences promises significant damage to CARICOM trade balances, as they are organized around Lome provisions and protocols. The EU accounts for 17% of CARICOM trade, and protected access and preferences were central to the region’s participation in these conventions.³⁸ An IDS discussion paper published in 1998 estimates that if standard GSP were to replace Lome access,³⁹ Jamaica, the Dominican Republic and Trinidad and Tobago would be affected in 10 or more products, with the most important foreign exchange loss occurring in relation to

³⁵ Marshall: op cit. p.38

³⁶ for explanatory note on Blue Boxes: see http://www.wto.org/english/tratop_e/agric_e/agboxes_e.htm

³⁷ see D. Pantin and R. Hosein: 2004 for recent evaluation of REPA effects; also Price-Waterhouse Caribbean Regional SIA Assessments: 2004.

³⁸ as cited in Hall & Benn: 2000. p.364 ; exact figures on EU trade balances fluctuate considerably

³⁹ as has been proposed as one option post-Lome

sugar, tuna and bananas, followed by beef. In addition, if ACP non-LDC's⁴⁰ were transferred to GSP, they would pay to the EU treasury "an amount in tariffs equivalent to over 40% of EDF aid disbursed to the group in 1994".⁴¹ More recent studies note the importance of lost revenues from tariff reductions, as well as important sectoral losses pursuant to the end of Lome commodity protocols and compensation measures.⁴²

In practice, strategic regionalism will require a degree of statesmanship and regional vision that has so far been sadly lacking in many member states. Neither defensive regionalism nor pinning hopes mainly on the strength of the ACP-EU relationship has proved an effective strategy for the Caribbean. The transition period must not be wasted on trying merely to defend the status quo, but rather used to optimize vertical and horizontal alliances for development ends. As the RNM has advised, the Caribbean must recognize the *interdependence* of the various negotiations, focusing "its global geopolitical and economic relations ... in a very strategic way."⁴³

It is also well recognized that CARICOM must continue to maintain a strong and united voice, both with and within the ACP, if it wishes to access the transitional support it needs. Though split for REPAs, the ACP group as a whole must also concentrate on developing and articulating a collective opinion, for common interests, both within the Cotonou framework and in international forums.

⁴⁰ only Haiti is listed as an LDC; There is, nevertheless, the possibility that some special status could be negotiated for other small, island economies, which could mitigate the effects on some members.

⁴¹ Kennan & Stevens: 1998. (online)

⁴² see Pantin and Hosein: 2004; ECPDM: 2001 Cotonou Infokit 14: "Regional Economic Partnership Agreements"; Eurostep: 2004 "EPAs, JA and the Dairy Industry"

⁴³ RNM Technical Paper IV: 1997. p.10 - 2.32 @www.crn.org

Leadership must also be focused on identifying the modalities of internal transformation to adjust local production, productivity and administrative and physical infrastructures to the demands of more open markets.

Civil Society and Decentralized Cooperation:

Civil society (CS) may play a seminal role in the definition and negotiation of future trade deals. However, there have been many concerns expressed about local processes in Jamaica, as well as the scope and organization of regionalized decentralized cooperation in the Caribbean as a whole. An ECDPM study conducted in 1998 in the Caribbean reported that the decentralized cooperation process was “flawed” in several ways: through a lack of information, organizational and capacity support and the “ad hoc” organization of consultations. As one CS organization representative remarked: “As long as we do not have a global strategy, we are shooting in the dark at something that is moving.”⁴⁴ More recently, similar opinions continued to be expressed in the 2002 Caribbean consultation forum, where doubts were voiced that local discussions on trade and social development would reach a wider audience, with one participant questioning: “Are today’s exchanges going to reach the policy makers and inform the negotiators?”; while another admonished that “There must be appropriate entry points for input from groups other than technocrats and their input must be valued.”⁴⁵

Thus, one of the first priorities will be to better implicate civil society as well as the private sector, in development during the continuing Cotonou process, in

⁴⁴ Bossuyt: 2000.p.18

⁴⁵ SIA Caribbean Consultation Seminar:2003. pp.14; 20

order to mobilize citizens' support through making multipartite regionalism a social and political priority. While the ACP-EU association has not been particularly successful so far in facilitating decentralized cooperation in its partner countries, the EU is one of the few donor countries that has considered it a critical part of development cooperation. Article 4 of the Cotonou Agreement⁴⁶ formalizes the inclusion of non-state actors in the development process through consultation, information and political dialogue, with provisions for financial support and capacity building. Art 6b specifies that "non-state actors" include the private sector (whose participation and support is further expanded in Art.21), economic and social partners (including trade unions) and "civil society in all its forms", which will be recognized by the parties "according to their competencies and whether they are organized and managed democratically and transparently" (6c).

The inclusion of non-state actors should also be considered in the light of support for regional integration, both of which are signaled as "fundamental principles" in Article Two. The aims of Regional Cooperation are further explained in Article 28 as "fostering the gradual integration of ACP states into the world economy, while promoting and expanding inter-regional growth in trade and cooperation. Article 29 provides for off-setting the costs of transition and Article 30 outlines specific areas for cooperation to achieve "economies of scale". Article 32:2a also notes that cooperation shall "take account of ...small island ACP countries", a clause that could be advantageous for CARICOM's further negotiations, particularly as related to Article 35, which notes that:

⁴⁶ available online @ http://europa.eu.int/comm/development/body/cotonou/index_en.htm

Given the current level of development of the ACP countries, economic and trade cooperation shall be directed at enabling the ACP States to manage the challenges of globalization and to adapt progressively to new conditions of international trade thereby facilitating their transition to the liberalized global economy.

3. To this end economic and trade cooperation shall aim at enhancing the production, supply and trading capacity of the ACP countries as well as their capacity to attract investment. It shall further aim at creating a new trading dynamic between the Parties, at strengthening the ACP countries trade and investment policies and at improving the ACP countries' capacity to handle all issues related to trade.

4. Economic and trade cooperation shall be implemented in full conformity with the provisions of the WTO...⁴⁷

As Owen Arthur (PM-Barbados) recently remarked:

In our Caribbean, there has been a historic hostility to intra-regional transactions...In fact, it can be fairly asserted that the modalities for incorporation of the Caribbean economy into the global economy have historically been stronger than the media for creating a single, unified Caribbean economy designated to meeting the basic and advanced needs of the Caribbean people.⁴⁸

In “selling” the concept of Strategic Regionalism to its constituents, it may be valuable to emphasize, as this paper does, that states remain the basic unit of any regional arrangement;⁴⁹ regionalism does not presuppose a submergence of national identities or control, but rather a harmonization of approaches to common problems. Strategic Regionalism will, however, call for a deepening and widening of the common areas of cooperation that will entail political decisions, first locally

⁴⁷ see http://europa.eu.int/comm/development/body/cotonou/agreement/_en.htm

⁴⁸ Owen Arthur: 5th May, 2000.

⁴⁹ Fawcett and Hurrell: 1995. p.67

and eventually on a regional level. Therefore, if any new arrangements are to enjoy legitimacy, the use of regionalism as a development strategy must quickly become a part of national development plans and election platforms. Indeed, it is eminently desirable that in the absence of any formal democratic representation at the regional level, the task of identifying regional goals and distributing the costs-benefits of participation in a regional association should be left to the elected representatives at national level. Member states can then proceed to build an effective framework, based on, but not restricted to, the existing CARICOM institutions.

Trade and Development Partnerships

The following section will outline some research that may be of benefit in informing the practical process of identifying and implementing reforms that will encourage regional development. As mentioned repeatedly, small open economies, such as those in CARICOM, are highly dependent on international trade regimes to promote the local growth so critical to development. Thus there must be an essential synergy between the aims and instruments of the multiple stakeholders in the international system. As was observed by one stakeholder, in specific reference to Cotonou: “Twenty years from now there will be very little that trade does not include; therefore the Caribbean should not opt out, but seek to influence the rules of the game. We should engage with good governance and not reject it because it looks like conditionality.”⁵⁰

It is increasingly the general consensus in development thinking that the main goals of development are economic growth and poverty reduction and that these

⁵⁰ SIA Consultation Seminar: 2003. p.17

goals can best be realized by *partnership models*. We can refer to the discussion on partnership in the case study, but should also be mindful that there are numerous understandings of the concept and practices that define “partnership” in different locations and circumstances.

McQuaid outlines some of the important expectations on which partnerships are based:

- potential for synergy and cooperation
- mid-long-term process that involves development and delivery of strategies/projects/operations
- inputs are shared, though not necessarily equally among actors.
- results are mutually beneficial.⁵¹

In the context of national-regional development, we can assume that *development partnerships* should involve both donor and recipient countries across the full spectrum of public and private relationships, to take advantage of the respective strengths and resources available. Such cooperation is based on the premise that the private sector can ensure economic growth through market dynamics, once governments provide an “enabling” climate for production and distribution. The private, commerce-centred process is thus facilitated and regulated by governments, with the goal of maximizing public welfare. The crux of a developmental regionalism will lie in the willingness of all parties to identify, accept and implement the policies that will enable all states to fulfill their regulatory and distributional functions as equal partners in a world society.

⁵¹ in S. Osborne: 2000. p11

This project, in focusing on regionalism as part of a re-ordering process, has put forward a number of prescriptions, both practical and ideological, for informing the framework for just change. At the national level, this would involve reforming the democratic process, to be more responsive to “grassroots” concerns, in relation to such issues as widening income/opportunity gaps, gender/ethnic group inequality etc. We have posited the connection of these domestic social problems to the international trade system and advanced the possibility that horizontal regional integration may be an important part of the solution, in that it may provide the tools to respond to both the economic and socio-cultural demands of member states.

This paper has also argued that regional strategies should also aim at vertical regional associations, because North-South development cooperation and capacity building through pragmatic multilateral “rolling alliances” (both S-S and N-N) could coordinate the diverse and common concerns of individual nations/groupings for discussion and arbitration in international forums. It is at this level of cooperation that a complex interdependence-international society approach offers the greatest explanatory input, as it proposes a flexible, informal system of rules and norms that will inform and facilitate *state* interaction, which can channel and implement the values of an international world order.

As far as practical domestic reforms to facilitate development are concerned: many issues and strategies were discussed in Chapter Two, and numerous other reports, studies and projects are readily available to help governments establish priorities. In specific reference to Jamaica, we might highlight here the importance

of sequencing and coordination of administrative and oversight mechanisms in relation to privatization and public-private partnerships for delivery of public goods. The public sector/government ministries must also take seriously their commitments to partnerships with new executive agencies, to ensure timely and adequate human and financial resources to fulfill their obligations. Attention should thus be given to addressing issues of fiscal compliance and the identification of alternate revenue sources to replace lost income from tariff reductions. The government must also look to increasing productivity and reducing waste in both private and public sector activities; this will involve probably a revised Memorandum of Understanding (MOU) with labour unions across the board, as part of an on-going effort to improve stability for private investors, both local and foreign. In the same vein, the government itself must also provide improved security /crime prevention, as well as assure democratic transparency and control of corruption in the public and corporate sector.

Other domestic problems – such as large deficits due to debt servicing - will require input from a larger constituency. Indeed, though Jamaica, as a “moderately indebted middle income country” is not eligible for major multilateral debt-relief programmes^{*}, it has benefited from bi-lateral debt relief,⁵² which freed up sufficient funds to make its debt burden more sustainable. However, given Jamaican vulnerability to external shocks, it may often need to resort to help from external donors to deal with its continuing responsibilities.

^{*} such as the Multilateral Debt Fund (MDF) or the Heavily Indebted Poor Countries (HIPC) initiatives
⁵² see Abdelgalil and Cornelissen: 2003. p21 online@euforic.org

Therefore, cooperating in regional initiatives aimed at promoting a ‘louder’ voice for the Caribbean will also be an important part of national mandates. This will also be a drain on government coffers, but it would be a false economy to neglect regional instruments and institutions, as they represent a “public good” in their identification and defense of common issue areas at international forums. Institutions, such as the RNM and the CARICOM Secretariat, as well as its affiliated organizations, must be given the resources to intervene effectively on matters of regional interest, as they will, in the long run, offer considerable positive effects/ savings through a consolidation of technical expertise, networks of influence and administrative coordination on common interests. In this context, member states should be particularly interested in more closely linking RNM and CARICOM/Forum activities to a common framework, which would encourage improved communication and interaction among national and regional actors.

National leadership, in both the public and private sector, will be particularly important in supporting morally and financially the re-invigoration and closer association of regional and national institutions and organizations. Member states have a critical role to play in informing, consulting and facilitating the growth of a regional community to underpin economic measures, if they wish the common market to fulfill its mandate to improve competitiveness and comparative advantage.

As far as regional institutions go, the new Caribbean Court of Justice (CCJ) in particular should play a seminal role in promoting the more efficacious working of

Community instruments for cooperation.⁵³ There has been considerable discussion on the desirability of this regional court, much of it concerning the possible negative influence of national politics on its organization and function, particularly as a court of final appeal in criminal cases. However, now that its establishment has been approved, it should be recognized that politics *must* certainly play an active role in determining whether it fulfills its mandate as motor for regional integration. The comparable European Court of Justice (ECJ) has arguably had a critical effect in driving forward European integration, in its role as an enforcer of Community directives, as well as through its dispute settlement mechanisms.⁵⁴ It should be noted particularly in relation to the dynamics of change that the rule of law is not just an agent of social control, but also an integral force for building a just society. However, since the CCJ, as the ECJ, has in practice very few serious enforcement powers, it is essentially dependent on national political will to allow its rulings direct effect in national systems.

The issue of judicial activism is a contentious one, but it has much in common with the “political dialogue” of Cotonou, which aims to instill the process of development through N-S cooperation agreements with the basic principles of democracy and human rights. So too must inter-state cooperation focus on designing institutions which support the process of regional integration, by tying it to the developmental ideology of regionalism. The CCJ will be a particularly important body for arbitrating and enforcing not only economic but also social cohesion mechanisms. Therefore, national input and leadership, from both

⁵³ See Duke Pollard: @caricom.org

⁵⁴ see for example J. Scott and G. de Burga: JCMS:1998.

governments and judiciaries, will be essential to assure a positive relationship between the various sectors, instruments and actors for regional cooperation and harmonization.

Institutions in general may play a seminal role in promoting developmental regionalism. At the national level, the re-vitalization of the core democratic institutions – such as parliament, voting systems and democratic input at all levels- is absolutely critical to identifying and promoting the values that will support development. As improvements in the working of state transfer instruments translate into greater trust and participation in the formal mechanisms of state and regional politics, regional institutions must also find support for increased institutionalization of cooperation and harmonization measures and a concomitant improved legitimacy as representatives of member states. These values can then “percolate” through the state system by participation in international forums and translation into interstate cooperation instruments.

As Nicholls et al note,⁵⁵ the design of institutions, which extend the concept of society “beyond immediate national and regional borders”, should be based on core principles of:

- i. revisability and robustness: characterized by adaptability and “learning by doing”
- ii. sensitivity to motivational complexity: which takes account of both altruistic and pragmatic motives for integration
- iii. openness/transparency: which translates into good communication/defense of decisions

⁵⁵ Nicholls et al: 2001 Chapter 6 in Bulmer-Thomas: p.145

- iv. variability: including a dynamic and even “experimental” response to changing climates

In addition: “good institutions are expected to provide rules that are clear, widely known coherent, applicable to all, predictable, credible and properly and evenly enforced”.⁵⁶

Such a “recipe” for institutional design should be valuable to international affairs, particularly at the level of the WTO. The ongoing reform of this institution will play a critical role in determining the success of multilateral cooperation mechanisms, through its founding of and adherence to a stable and equitably accessible “rule of law”, backed up by an effective and enforceable dispute settlement mechanism. The present interaction of the numerous multilateral negotiations for trade and development (Cotonou, Doha, the FTAA) and multiple bilateral/region to region pacts, such as CARICOM- Dominican Republic, Mercosur-EU etc. mark the coming decade as a critical juncture for transforming the theory and practice of international trade for development. The building of such a development- oriented regime, which is based on establishing the legitimacy of a state system based on common values and goals- the crucial “society of states”- is the absolute criterion for a developmental world order.

The definition and negotiation of a predictable but flexible system of rules and mechanisms at various levels will form the critical base of an international society of states. As the states involved in this process continue the dialogue and learning process of an increasingly complex world trade regime, the instruments and institutions that grow out of the negotiations will reinforce their continued

⁵⁶ Burki and Perry quoted in Nicholls et al: *ibid*: p. 146

cooperation and encourage an increasing interdependence of thought and practice. As with any such complex endeavour, the path towards cooperative solutions will not be linear – as the hesitant start to the Cotonou, Doha and FTAA negotiations are ample evidence. Nevertheless, the on-going commitment of most parties to the identification of workable agreements is testament to the importance states place on peaceful co-existence.

States already involved in regional cooperatives – such as the members of the EU and CARICOM - should prove invaluable partners in the process of mediating competing demands. Their experience in reconciling pressures from above and below should provide a definite advantage in arbitration and coalition building. Their continuing attention to balancing the rights and needs of national electorates within the growing interdependence of transnational commercial, financial and technological networks should make them eminently qualified to negotiate workable compromises, that encourage a recognition of the values of partnership and cooperation.

A Developmental World Order

In the final analysis, the success of national welfare initiatives will be critically dependent on such a developmental world order. An open region like the Caribbean, no matter how advanced its cooperation instruments, has little chance to influence the “runnings” of a purely anarchical international system of states. Therefore, if it wishes to effectively promote and defend its “specificity”, it must depend on attracting the power of wider public opinion to its cause.

The role that non-state actors can play has mainly been considered a “side-bar” to formal international affairs. However, as repeatedly noted in this study, democratic states are ultimately responsible to and dependent on the support of their citizens. We have seen, in Seattle and elsewhere, that the increasing activism of civil society is a definite constraint on unbridled market neoliberalism and power politics. However, it has proven difficult to harness this activism to reflect an informed and focused support for diverse development needs and concerns.

Thus this dissertation has argued for a multi-layered strategy that focuses on the synergies of a social contract that operates on many levels. It has “teased out” a cross-section of academic theory to explain the resort to regional cooperation, as a development tool for small countries. With specific reference to Jamaica, it has examined secondary and primary resources (including media analyses and elite interviews) to illustrate the praxis of regionalization within the EU-ACP relationship, particularly during the Cotonou negotiations.

The conclusions of the case study indicate that Jamaica is pursuing regional integration within the Caribbean from a position of strength locally, to attain a stronger position internationally. Any regionalization process is then to be considered not as an end in itself, but rather the means to an end. This paper has gone on to argue that, as the basis of a national development strategy, regional integration must be informed by both pragmatism and principles. We have maintained that values and norms play a significant role in driving regionalization for development and that to be “*developmental*”, international relations should be informed by a *strategic regionalism*, based in a *partnership model* for trade and

development, which seeks to build capacity through setting cooperative goals, supported by effective instruments, flexible rules and responsive institutions.

Such a strategy would be dependent on applying the principal of *subsidiarity*⁵⁷ to re-invigorate multilevel political processes, to identify common values and procedures that would attract the support of disenchanted and often disenfranchised citizens. We have argued that the failure of national governments to respond adequately to the needs and desires of their citizens has led to a distrust of the full spectrum of political process. Therefore, it is critical to re-build support both above and below the state, if we wish to establish a stable world order.

In other words, to attain its goals, strategic regionalism would call on both state and non-state actors to strengthen the “society effect” at two levels, by:

- strengthening support for national governments through an improved participation in domestic democratic processes, which would in turn drive regional cooperation initiatives
- building an “international society of states”, in concert with a “world order”, based in increased cooperation in a “social market” informed by equal access to both economic and human rights

We can conclude here by expanding on the argument for “strategic regionalism”, by placing it within the academic field of regionalism and development studies within the wider discipline of international relations. In an era of increasing globalization and interdependence, small states may only effectively govern with the consent of two constituencies: the internal civil society of its own citizens and an external, cooperative “international society of states”. Referring

⁵⁷ see Chapter 3 above

back to our earlier discussion on “regionhood”, we can note that the ultimate region, as far as trade is concerned, is the world. Therefore, connecting the partnership ideology of regionalism to the normative field of international development studies should provide a rich and wide-ranging selection of research material and methodologies to inform the process of building a developmental world order.

Conclusion

This thesis has advanced an approach to regional integration that attempts to address the many facets of regional cooperation that often escape sectoral or multidisciplinary studies. Focusing on the “developmental” aspect of regional trade agreements, and considering the internal and external factors that may influence national development, the analysis has drawn on a wide range of research not customarily associated with both international development and the regional process. By integrating the international relations perspective with the socio-economic aspect of trade and development, it has therefore extended the range of explanatory theory to devolve an approach that is particularly apt to describe and prescribe a regional association that could prove strategic for small open economies.

This is not to argue that the combination of a complex interdependence-international society approach and a concomitant dual transitional-transformational role for regional agreements may offer the best explanation for other regional initiatives. On the contrary, the argument here is for a more nuanced understanding of the multiple motivations and values that underpin outwardly similar arrangements. Even within the Caribbean, the impetus to integrate is often subject to diverse interpretations and outcomes. The number and type of regional associations or agreements embarked upon by CARICOM members, either as a

group or individually, certainly argues against any “universal” theory for either national or regional development decisions.¹

Dani Rodrik has argued in a similar vein against the application of “cartoon versions” of research and policy prescriptions that attempt to offer catch-all solutions for developing countries, particularly with regard to increasing openness/integration into world markets. Noting that “global integration has become a substitute for development strategy” that misses the critical specificity of country strategies, which are most successful when based on a “judicious blend of imported practices with domestic institutional innovations”.²

Part One of this paper has offered a broad synopsis of theoretical reasons for studying regional initiatives as “mediating institutions” for arranging world order, offering some insight on the impetus for perpetuating a special relationship between the European Community and the African-Caribbean-Pacific group. While the post-Lome agreement is based on an entirely new arrangement for trade and development between the North and South, the emphasis on “regional cooperation” pillar is maintained and even strengthened in the Cotonou Agreement. This regionalized Partnership Agreement then is studied in the interests of examining the modalities of negotiating a common set of values and goals, within and between regions, which may be *generally seen* to express the common interests of the majority of partners.

Part Two pursues a case study of Jamaica’s input in the CSME/CPA processes, considerably narrowing the focus to concentrate on the semantics and specifics of

¹ See Annex 2b

² D. Rodrik: 2001 p.56

negotiating partnerships for development. Drawing on the general theory of Part One, it considers the *potential* of regional cooperation based in a partnership model, particularly as it relates to development planning for open, mid-developing economies. This section examines the evolution of attitudes towards partnerships, and the difficulties inherent in changing discourses and practices, both within and between communities, involving a consideration of partnership on many levels and across multiple sectors. The effect of adopting a partnership model is then noticeable not just through its repercussions on the balance of power between states, but also on its implications for intra-state economic, social and political structures.

The choice of case study is therefore critical to the theoretical approach, for Jamaica has now chosen to play an active role in both CARICOM and the Cotonou Partnership agreements, as well as a number of other competing regional processes based in quite different institutional arrangements and ideational goals. This thesis posits an expressly ideological position for designing national and regional trade arrangements, one that emphasizes the importance of three components, as critical to realizing the goals laid out for development planning both within Jamaica and between the EU-ACP.

The first critical component for *strategic regionalism* is a commitment to inclusionary decision-making, which emphasizes the importance of consultation, partnership and capacity-building for equitable participation in institutional processes. This is where the principle of subsidiarity outlined in Part One would be most applicable and should apply as much to international as sub-state procedures.

Thus, this thesis has argued for the “prima- inter- pares” stature of states, but also promoted the responsibility of governments to fulfill their obligations to citizens, by endorsing more efficient and transparent internal processes at both national and regional levels, just as they agitate for more accountable and accessible international procedures.

The second component is closely linked to the first, as it stresses the importance of cooperative partnerships, differentiation and multilateralism over sheer power and/or neo-liberal paradigms. This is where the complex interdependence/international society approach offers the most promise, as it attempts to proffer a more moderate, overtly normative and multi-tiered approach to regionalism and globalization’s effect on international relations. Here we may also draw on both Dani Rodrik’s work on globalization³ and development,⁴ as well as Bjorn Hettne’s portrayal of the competing USA-EU models for world order.⁵ Such an analytical stance stresses the cooperative identification and negotiation of acceptable limits to realpolitik or hegemonic unilateralism, in both formal relationships and ideological prescriptions. This should offer insight on the cross-cutting socio-political issues which impact significantly on the design of economic/trade policy. It also argues for a more flexible and dynamic approach by all partners, one that expressly recognizes the social consequences of rampant “marketization”, as well as the necessity to offer some degree of “selective disengagement” from multilateral disciplines and prescriptions.⁶ The regional

³ D. Rodrik: 2004

⁴ *ibid* 2001

⁵ see Chapt.6 above

⁶ see Rodrik: 1997. p.

cooperation-partnership model offered by the CPA is equally applicable to inter-state and regional affairs, as it emphasizes the obligation of governments to inclusionary politics that reflect a commitment to internal reform in the interests of realizing development goals. (As discussed in Chapter 2, public-private partnerships may be particularly contentious and must be addressed in specifically local sectors and contexts.)

The third component is the most expressly normative/ideological one: the linking of economics/trade and political-social norms as part of a process that focuses on the concerted building of an international community-“society of states”. This should be considered in relation to the perceived benefits of a “just social order” as discussed in Chapter 3, and evidenced in the recent widespread commitment of the state system to “human development” through the Millennium Development Goals/WTO-Doha Development Round etc. Again, the success of such an initiative will depend on a “bottom-up” approach that extends the privileges, responsibilities and rights of participation to all stakeholders.

Therefore, the focus of the study is intentionally narrow, but the research may prove to have a wider range of applicability within the field of human development planning, as it applies to both South-South and North-South cooperation. As mentioned above, both the European Union and CARICOM are now participating in a number of other regional trade agreements, which are not all expressly committed to a partnership model equivalent to Cotonou. In fact, it is possible that the realization of such a model may only be feasible for organizations with a comparable history of institutionalized cooperation, such as that of the ACP-EU

grouping. It might be argued that however imperfect the record of the Lome Conventions in realizing sustainable development, the process has provided invaluable experience of the “realities” and possibilities of North-South cooperation and development during a period of critical change in ideological and institutional orders. This observation accounts for the attention paid to discussing the history of the two regional movements, the semantics of the negotiations and the interventions of the various actors, particularly as they were perceived by the popular media/civil society.

This study has concentrated particularly on the *regional cooperation* aspect of the EU-ACP agreements, which considers the reciprocal influence of both the EU’s internal model for regional cooperation and its external policy vis a vis its former colonies. However, the new regionalized and reciprocal trade agreements are also an implicit renunciation of neo-colonial relationships, which emphasizes the equal responsibilities of all stakeholders in improving development outcomes. The framework agreement does, nevertheless, recognize the need to *gradually* re-vamp both international and local practices. As Pascal Lamy, the outgoing EU trade commissioner commented in Brussels in September, 2004:

it is... important to make sure that market-opening does not jeopardise legitimate collective choices; in all political systems it is a sovereign duty to safeguard such "collective preferences" as markers of identity...***this issue is not simply a domestic one like, for the most part, support measures to offset social costs, but a wider problem that has to be tackled as a whole in agreement with our international partners.***
...Regional groupings may prove more effective at reconciling collective preferences and limiting the destabilising effects of openness... Regional groups are a re-useable resource on the world stage, as initial synthesisers and coordinators of collective preferences. They also play an educational role (teaching members about the constraints that accompany the reconciling of collective preferences) and, at global level, they can act as a

precursor (demonstration effect)...[to alter] the traditional rationale of free-trade agreements.⁷ (my italics) This has definite repercussions for regional partners, as they negotiate the modalities of both practical, local transition and ideological transformation. Transition periods and funding for capacity-building/ technical expertise have been important issues for negotiation and will indeed have an enormous impact on the “developmental” impact of the trade regime. As mentioned previously, the consultation/negotiation of a successor regime has also encouraged an unprecedented number and range of research projects on trade and development in both specific and general contexts. These alone may lead to greater success in identifying workable models for both sectoral and regional initiatives to improve delivery of benefits across the board.

Thus, though the European Union is a secondary regional trade partner for the Caribbean compared to the US, the concentration on the ACP-EU trade regime (as opposed to the more economically important FTAA) is justified by the former’s attention to the full spectrum of interactive relationships necessary to effectively realize development goals. As Lamy recognizes above, the decisions necessary to “release the synergies” of public-private/national-regional-international cooperation will be as much domestic as international. This validates our theoretical discussions of both research on public sector economics and trade and growth, as well as more socio-political concepts as civil society, sovereignty, and justice.

In this context, here are a number of other forward-looking reasons to choose the relation of the Caribbean and the ACP-EU as a case worthy of study. These mainly stem from the tenuous position of mid-developing economies in evolving

⁷ see: www.europa.eu.int/comm/commissioners/lamy/speeches

international development practices. The larger world order has significant repercussions for countries such as Jamaica, which have had great difficulty maintaining their places on the threshold/cusp of “development”. The dissolution of the bi-polar balance in international affairs and the predominance of neo-liberal and/or unipolar, neo-conservative, market-led approaches to development leave many of these small open economies out of the mainstream of international priorities. Some of these countries’ difficulties are externally or structurally determined: for example:

- climactic or geographic vulnerabilities, which leave them open to unpredictable devastation or exploitation by, for instance by natural (i.e. hurricanes) or manmade (i.e. off-shore drug cartels) disasters
- openness to externally determined trade practices, including dumping of subsidized food products⁸
- the concentration of international donors on humanitarian aid to LLDCs, versus multilateral capacity-building projects.

The combined effect of structural vulnerabilities or external international orientations on mid-developing countries may be multi-faceted: the availability of grants from international lending agencies for investment in LDC’S, or generous tax exemptions, flexible labour standards and /or low wages within these countries may all heavily influence the decision of corporate investors to set up in a specific location. In the same vein, international restrictions on social/labour mobility remove an important adjustor/safety-valve for small economies with limited

⁸ see Fiona Black:in Eurostep 2004, p. 27ff.

employment capacity, as may the increasing importance of modern “substitutables” for commodities such as sugar or ore-based metals.

In some cases, external and internal practices have also *combined* to undermine development opportunities, and many states have also been complicit in exacerbating the difficulties they experience in adapting to reciprocity/partnership. For example, in Jamaica under the Lome regime, preferential agreements and guaranteed access/price protocols resulted in a continued concentration on low value-added primary products, such as sugar, a sector which maintained antiquated production values and labour conditions, while remaining uncompetitive in general world markets.⁹ The continued investment in traditional production values also limited research/possibilities for diversification into more competitive sectors.

As discussed in Chapters 4-5 as well, the continuance of such practices as consistently low productivity and /or corruption in state bureaucracies, poor administration of trade-aid funds, and a tacit acceptance of the dominance of policy initiatives by “elite” sectors have all led to less than ideal climates for growth and foreign or domestic investment. Many DC elites also continue to uphold traditional social and production arrangements that discourage social mobility, as is made evident in persistent gaps in wealth/welfare distribution, as well as limited reforms to land tenure, tax and minimum wage practices.

Thus, it is clear that development planning must embrace an eclectic approach to enhance national welfare. Using a partnership-regionalism model as the basic level of analysis and knowledge accumulation for development offers several advantages. First of all, studies of regional development have focused on a variety

⁹ see Chapter 4 above

of regions from local communities, both urban and rural, through geographically proximate, horizontal and/or vertical inter-state agreements, stretching as far as hemispheric agreements, covering associations at varying levels of development. Drawing together such a significant amount of research on economic and social issues as well as policy advice would have a noticeable effect on the range of options and concerns implicit in any long-range planning initiatives. Focusing on multi-sectoral area studies should help then with our understanding of the diverse factors that interact to affect socio-economic programmes, income distribution and social mobility, as well as ascent within the international system and development outcomes.

Secondly, such an approach would help integrate the study of international affairs, trade, and multi-level regionalism, which would prove advantageous to mid-term policy planning as well. Focusing on the partnership model, specifically public-private partnerships and joint ventures, this study has also offered some prescriptive advice for promoting development cooperation for building markets and improving capacity and productivity. Much of the research pursued on intra-state regional development in particular is practical and business oriented, offering specific information on important strategies for exploiting the synergies of production chains, communication networks and industrial clusters. If we combine such “best practice” information with the more theoretical research based on inter-state regionalization, particularly in reference to N-S agreements, we offer developing countries a wide range of prescriptive material for consideration. Policy

analysts would also benefit from a more differentiated methodology, to address specific areas/sectors of concern.

Finally, approaching regional partnerships as an openly normative prescription for development, at both and supra-state levels, would open up avenues for development discussions to embrace not only “developing” countries, but also pockets of “underdeveloped” areas within the “developed” world. This might have the significant effect of promoting some solidarity at an international level, to address the issue of inequity as “everyone’s problem” and to implicate a wider community in its solution.

In this context it is important to reiterate the significance of the EU-ACP negotiations in coordinating positions for international forums. Subsequent to the early phases, cooperative bargaining has taken place on several levels, including S-S/N-S, but also state to state across the N-S divide and between sectors and non-state stakeholders, both domestically and trans-nationally. This has brought multiple cross-cutting issues into the discussions and consultations. As noted repeatedly, the documentation accumulated and the networks developed will also influence the wider negotiations to take place through the Doha. Rounds. The compatibility/coherence aspect of the regionalized Cotonou phases may then impact far outside the targeted areas, as the GSP principles identified therein may extend well beyond the countries directly involved. This is also true as far as the question of regional integration agreements is concerned, as the existing WTO legislation has not yet adequately dealt with the growth of these in relation to free trade goals.

In specific relation to earlier discussions of sovereignty, international institutional procedures and equality, it is evident that “one man, one vote” has been important in encouraging a *state-led* regionalism in the Caribbean (and by extension, in other coalitions of smaller states). Considering again the traditional dominance of trade agendas by more powerful nations, the numerical superiority of DCs in the WTO combined with the competition of European vs. American “models” for international relations/world order, helps us appreciate the importance of defining worldviews and values in more manageable regional forums. However, the modern opening of trade agreements to overtly political conditionalities also supports the contention that building an international society of states, to complement and support growing transnational social networks, is critical for effectively negotiating values and norms for the political economy of international trade. In addition, a sense of “common cause” seems a necessary pre-requisite for funding of adequate, transitional capacity-building programmes to facilitate development goals.

Areas for Further Research

There are a number of issues relevant to this study that would benefit from further research. First of all, as mentioned in Chapter One, the political and social aspects of regionalism remain under-researched, particularly outside the European Union. The diversity of initiatives undertaken in the last decade call for a continuing update of both integration and globalization theory, as well as wider

comparative studies of the domestic aspects of regional cooperation, culture and socio-political integration.

In connection to regionalization processes, there is also an urgent need for work to perfect the economic instruments used to measure economic integration.¹⁰ As noted in Chapter 2, significant discrepancies and inconsistencies in measurement methodology are also apparent in the many empirical studies available concerning the relationship of variables (such as growth, orientation etc), which affect development failures and successes.

As far as the wider topic of “order” in all its permutations is concerned, it is likely that this field will remain a critical interest for social scientists of all persuasions. The increasing global interdependence of economic and ecological outcomes, as well as widespread security concerns argues for a wider interest in development theory as well, particularly given the growing equality gap apparent in both developed and developing countries. A closer integration of the larger issues that define “development” into the mainstream of international relations, trade and political economy research would certainly enrich our appreciation and understanding of the critical connections that exist among societies, polities and markets. Certainly this author is persuaded that, unless we tackle inequality from a global perspective, we have little chance of identifying mechanisms and instruments and designing institutions, which address the complex sources of immiserating poverty, social unrest and conflict.

Finally, there is a critical need to address the disjuncture among rhetoric, discourses and practices, which has been so evident in development models and

¹⁰ see Christopher Sands: 2002. for summary of lacunae in this area.

trade negotiations/regimes over the years. The wide-spread consultations and forums that preceded the Post-Lome negotiations and continue to accompany both the Cotonou EPA and the WTO's Doha Development Round process, offer an unprecedented opportunity for the academic community to cooperate with all stakeholders to make "cutting-edge" research based in participatory evaluations available to all concerned.

In the case of the Caribbean: whichever academic approach is chosen, it is obvious that regional arrangements form an integral part of the so-called "free trade" system today, and must be considered from both a pragmatic and theoretical viewpoint, in order to make any progress in understanding or engineering effective responses to modern economic and political relationships. Whether future arrangements are to be termed "strategic", "second stage" or "open" regionalism, community action must differ significantly from earlier initiatives. As Owen Arthur comments:

A limited common market such as that conceived in 1973, bears no relationship to the requirements of Caribbean development in the 21st Century...[this] model would leave the Caribbean dangerously short of the prerequisites to compete successfully in the new global economy, to say nothing about meeting the requirements of regional development per se.¹¹

CARICOM SG Carrington also stresses the need for action, urging that: "the Region can no longer afford the slow pace of the Twentieth Century, worse yet, it cannot fail to grasp these opportunities; neglected ones...do not come back."¹²

Thus, in addition to improving local production and opening new markets, leaders

¹¹ Owen Arthur: *opcit.*

¹² S-G.E. Carrington: Jan 2000. Caricom Press release 4/2000

will need to use this transition period to identify and take advantage of the funds and expertise available to them from multilateral and private sector partners. With this help, capacity must be developed in all areas of governance and administration, at the same time as multi-level alliances are sought in all sectors to promote Caribbean interests.

In a rapidly changing world, with increasingly complex networks of communication and institutions, small countries must also improve their understanding of the new tools of diplomacy. To protect its interests, CARICOM must exploit its existing advantage in social capital, both at home, and abroad through “diaspora” connections, to pursue a proactive agenda, based on “niche diplomacy”, relying on its ties with influential regions.¹³ As noted above, there is some evidence that this process is already underway in Jamaica. However, it remains to be seen how such cooperation may be consolidated and brought into the institutional framework of national and regional projects for development.

Strategic regionalism will require an unprecedented, cooperative effort, which will entail the involvement of the whole community, international, regional and local. The negotiation period has been marked by the mobilization of unprecedented expertise, and the resulting agreement seems (on paper) to offer a “comprehensive framework to address most of the problems of the ACP”.¹⁴ It should be recognized now that a locally directed, externally underwritten regionalism, answering to the specific and changing nature of the region, will offer the best option for facing global pressures. Andrew Hurrell has observed the

¹³ Anthony Bryan: in Hall & Benn: 2000. p.373f.

¹⁴ ECDPM: 2000. Lome Negotiating Brief No.8, p.6

influence that “the combination of marked inequality but declining overall levels of power” has had on encouraging states to choose regionalism... because cooperation seems the only effective strategy”.¹⁵ Marshall also asserts that there are no longer any viable national development options available for Caribbean states, and the region must rethink regional structural policy as a defense against increasing asymmetries.¹⁶

Strategic regionalism is the best choice for Jamaica. Within these parameters, there is no doubt that the coming transition period can be used effectively both to negotiate a better short-term deal for the Caribbean and, perhaps, to put into practice a balanced partnership of alliances at a variety of levels and with all sectors, which will negotiate for the long-term well-being of all its citizens.

¹⁵ Fawcett & Hurrell: 1995. p.52f.

¹⁶ Marshall: op cit p.6

ANNEXES:

Annex 1: ACP Member States

The ACP Group comprises 79 Member-States:

48 countries from Sub-Saharan Africa;

16: from the Caribbean region (including Cuba, which is not a signatory to the Cotonou Agreement);

15: from the Pacific region.

Member-countries according to region:

Southern Africa:

Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zimbabwe, Zambia.

Central Africa:

Cameroon, Central African Republic, Chad, Congo, Gabon, Equatorial Guinea, Democratic Republic of Congo, Sao Tome and Principe.

East Africa:

Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tanzania, Uganda.

West Africa:

Benin, Burkina Faso, Côte d'Ivoire, Cape Verde, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Sénégal, Sierra Leone, Togo.

Caribbean:

Antigua and Barbuda, Bahamas, Barbados, Belize, Cuba, Dominica, Grenada, Guyana, Haiti, Jamaica, Dominican Republic, St Kitts and Nevis, St Lucia, St Vincent and Grenadines, Suriname, Trinidad and Tobago.

Pacific:

Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor Leste, Tonga, Tuvalu, Vanuatu.

Membership of the ACP Group: The decision to allow a country to become a member of the ACP Group is taken by the ACP Council of Ministers. The terms and conditions for membership are also determined by the Council of Ministers. The prerequisite conditions are: the country must be located in one of the Group's geographical regions, and/or the country must be a signatory to the ACP-EU Partnership Agreement currently in force.

Annex 2A: European Union Member States

State	Date of Accession
1. Austria	1958
2. Belgium	1957
3. Cyprus	2004
4. Czech Republic	2004
5. Denmark	1973
6. Estonia	2004
7. Finland	1995
8. France	1957
9. Germany	1957
10. Greece	1981
11. Hungary	2004
12. Ireland	1973
13. Italy	1957
14. Latvia	2004
15. Lithuania	2004
16. Luxembourg	1957
17. Malta	2004
18. Netherlands	1957
19. Poland	2004
20. Portugal	1986
21. Slovakia	2004
22. Slovenia	2004
23. Sweden	1995
24. Spain	1986
25. United Kingdom	1973

Annex 2B: Caribbean Community and Common Market (CARICOM)

The Treaty Establishing the Caribbean Community + the Common Market Annex was signed in Chaguaramas on July 4, 1973; Revised 2001 for the Establishment of CARICOM Single Market and Economy (CSME)

Countries	Date of Accession
1. Antigua and Barbuda*	1974
2. The Bahamas	1983
3. Barbados+	1973
4. Belize	1974
5. Dominica*	1974
6. Grenada*	1974
7. Guyana+	1973
8. Haiti	2002
9. Jamaica+	1973
10. Montserrat*	1974
11. St. Lucia*	1974
12. St. Kitts and Nevis*	1974
13. St. Vincent and the Grenadines*	1974
14. Surinam+	1995
15. Trinidad and Tobago+	1973

Associate Members: Anguilla* (1999); Bermuda (2003); British Virgin Islands* (1991); Cayman Islands (2002); Turks and Caicos (1991)

* also members of the Organisation of Eastern Caribbean States (OECS)

**Bahamas is a member of the Community but not the Common Market

+ designated "More-Developed Countries" (MDCs); all others (except Bermuda) are less-developed (LDCs)

Annex 2B (Con't)

Chronology of Caribbean Regional Integration Agreements:

Name	Date	Member States
Federation of the West Indies	1958 – 1962	Antigua, Barbados, Dominica, Grenada, Jamaica, Montserrat, St.Kitts and Nevis-Anguilla, St.Lucia, St.Vincent, Trinidad and Tobago.
Caribbean Free Trade Association (CARIFTA)	1968 - 1973	Antigua, Barbados, British Honduras (Belize), Dominica, Grenada, Guyana, Jamaica, Montserrat, St.Kitts and Nevis-Anguilla, St.Lucia, St.Vincent, Trinidad and Tobago
Caribbean Community and Common Market (CARICOM)	see above	
(Revision for CSME)	see above	

Annex 3: Jamaica: Country Profile¹⁷



*

Population: 2,695,867
Land Area: 10,830,00 sq.km.
Population Density: 244.92/sq.km.

Economic Indicators:

	1992.	1995	2003
GDP/GNP m\$	3,900	8,300	10,00
GDP per capita \$	1,580	3,200	3,900
Inflation rate (% consumer P)	16	30	7.00
Unemployment rate (%)	18.2	15.4	15.40
Exports (\$m)	1,020.	1,100	1,400.
Imports (\$m)	1,830	1,500	238,200
External Debt (\$m)	4,100	4,500	5,300

Social Indicators:

	1992	1995	2003
Infant mortality rate (per thousand live births)	18	17	13.26
Life expectancy at birth (male)	72	72	75.85
Net Migration rate/thousand	-9	-0.9	
HIV adult prevalence rate			1.20

WHO ranking of health systems 1999/2000: 53/190 countries surveyed
Olympic medals/million pop. (2000): 2.64

¹⁷ Source: CIA World Fact Book; "Countries of the World" Facts @geographic.org

* Maps/flag -sourced from www.geographic.org, used with permission

Annex 3: Jamaica : Country Profile (con't)

UN Index of Human Development:

Designation: mid-developing country

1975	1990	1995	2000
.687	.720	.736	.742

GDP by Sector: (2000)

Industry: 42% (including bauxite-alumina; textile, food processing, light manufacturing)

Services: 51% (predominantly tourism)

Agriculture: 7% (sugar, bananas, coffee, ground provisions)

Exports: 1999

Total: Merchandise Exports: \$1.3 b.
(Approx. 1/3 each to US/EU; 10.5% to Canada)

Bauxite/Alumina \$730m (50% of total)

Sugar: \$83m.

Bananas: \$23m.

(Preferential trade quotas for sugar from US and EU; for bananas from EU (disputed); income support for bauxite industry via SYSMIN-EU)

Imports: 1999

Total Imports of Merchandise: \$3.3 b.
(Approx. 50% from US followed by EU/Caribbean and Latin America)

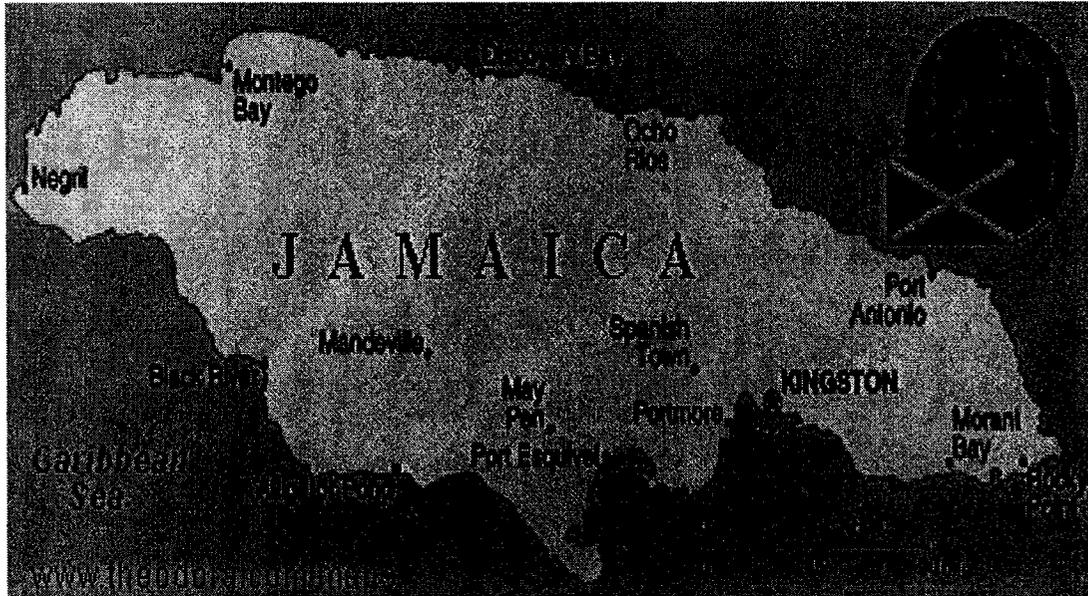
Raw Materials: \$1.3 b.

Capital Goods: \$511 m.

Consumer Goods: \$976m.

Fuels: \$382m.

Annex 3A: Maps*



CARIBBEAN:



* Maps/flag -sourced from www.geographic.org, used with permission

Annex 4: Lome IV to Cotonou ¹⁸

Comparison of Lome IV and Cotonou		
	LOME IV	COTONOU AGREEMENT
1) Objective	The focus was on structural adjustments and crosscutting themes in response to debt crises and famines.	To replace the Lome non-reciprocal preferences by free trade agreements (FTA), beginning in 2008.
2) Length of Time	Signed in 1990, it lasted for a 10-year period, with a mid-term review in 1995.	Signed in June 2000, it is valid for 20 years and will be revised once every five years. There is also a financial protocol for each five-year period. Certain components of the Agreement will be reviewed annually on the basis of necessity. An example of this would be the implementation procedures for financial support or sectoral policy guideline.
3) Reciprocity	ACP countries have been privy to non-reciprocal trade preferences granted by the EU, so that these countries are not forced to allow EU goods into their home markets based on special conditions. The ACP states can also tax EU products, whereas the former was allowed duty-free access into the EU's markets. There are also immunities from non-tariff restrictions, for example, import quotas. <i>The impact of non-reciprocal trade preferences has been disappointing</i> since: ACP countries' share of the EU market fell from 6.7% in 1976 to 3% by 1998. Additionally, just 10 products accounted for 60% of total exports.	The all-ACP non-reciprocal tariff preferences will cease to be maintained after December 31st 2007. These may be substituted for reciprocal Economic Partnership Agreements (EPAs), negotiations on which began in September 2002. LLDCs will not be subject to this though, whereas non-LDCs who are unable to enter EPAs may opt for the EU's Generalized System of Preferences (GSP), which is a non-reciprocal set of preferences.
4) 'Aid Entitlements'	Countries were able to receive fixed allocations regardless of performance.	The EU will use the resources for the ACP in a more selective and flexible manner. Based upon an assessment of individual country's needs and performance levels, aid allocations will be granted.
5) Essential Elements	Respect for human rights and basic freedoms, democratic principles, the rule of law	Good governance was added to the list of essential elements
6) Financial Arrangements	Funds were made available via a minimum of 10 cooperation instruments, which can be classified into 3 main categories: programmable aid, non-programmable aid and loan finance.	Only 2 cooperation instruments: the grant facility and the investment facility. Within the former, there is a new system of programming, the Country Support Strategy (CSS). The programmable and non-programmable aid as well as the STABEX and SYSMIN cease to exist. The Investment Facility eliminates the Lome IV risk capital and interest-rate subsidy facilities as well.
7) Trading Agreements	Price stabilization, direct development assistance, non-reciprocal tariff concessions, protocol on banana	Cooperation regarding trade in services, competition policy, protection of intellectual property rights, standardization and certification, sanitary and phytosanitary measures, trade and the environment, labour standards, consumer policy, protection of consumer health
8) Participation	Government	Inclusion of civil society and non-state actors.
Source: Bjornskov and Krivonos, 2001; Brenton, 2003; De la Rocha, 2003; Maxwell and Engel, 2003; European Centre for Development Policy Management 2001.		

¹⁸ From: Pantin and Hosein: 2004. Table 2.1

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