

The Relevance of CARICOM's Existence to the Virgin Islands in the Context of Globalization*

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The purpose of this study was to consider the relevance of CARICOM's existence to the Virgin Islands (BVI). Its relevance becomes more significant to the BVI and the Caribbean, by extension, when the globalization phenomenon is applied; a phenomenon that has been in existence for centuries. Overall, the study concluded that even though the BVI remains only an associate member of CARICOM and not of CSME, it still has an interest in the progress of the regional grouping and its trade initiatives. Over the years, CARICOM has been struggling with its identity as a unified grouping. Nonetheless, it was found that in an effort to combat the trade liberalization process, the grouping must find that inner connection to advance its agenda on the global stage. Accordingly, it has been suggested that CARICOM begin to focus on its strengths and opportunities in order for economic development across the region to occur. It has also been recommended that more serious considerations be taken towards the development of a comprehensive regional market for the trading of goods and services, that is, the Caribbean Single Market and Economy (CSME). To substantiate its findings, the paper used the qualitative research approach, combined with a situation (SWOT) analysis.

Keywords: CARICOM, qualitative research method, SWOT analysis, the Virgin Islands

Introduction

Trade liberalization, in the context of the global economy, has created many challenges for the Caribbean, including the Virgin Islands (BVI). Two efforts to combat the trade liberalization process with a Caribbean agenda have been the Caribbean Single Market and Economy (CSME) and the Free Trade Area of the Americas (FTAA); but both have been met with much criticism (Draper & Mason, 2003). Interestingly, the BVI is one of the Caribbean nations, which is not in support of the CSME agenda. Accordingly, CSME has been limited in its advancement across the Caribbean and this has resulted in political and economic divisions within the Caribbean Community (CARICOM). Not surprisingly, these divisions have not only produced many missed opportunities to increase trade and economic development for the region, but have also restricted CARICOM's ability to

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advance its agenda on the global stage. In order for the Caribbean to attain both economic and sustainable development, a review of the organization and its past challenges must be undertaken and addressed.

The purpose of this study was to consider the relevance of CARICOM's existence to the BVI. Its relevance becomes most significant to the BVI and the Caribbean, by extension, when the globalization phenomenon is applied; a phenomenon that has been in existence for centuries. By definition, globalization is the erasure of national boundaries for economic purposes as international trade governed by comparative advantages¹ becomes interregional trade governed by absolute advantages² (Daly, 1999). In that connection, sustainable development is affected by economic development to a large extent, so that trade among small islands and developed nations becomes very disadvantageous to the former, if size and economic power is considered. The study used a qualitative research method to substantiate its findings. A situation analysis (SWOT analysis) was also applied in this study where it is relevant.

Qualitative research approaches utilize constructivist, advocacy and participatory knowledge claims that possess phenomenology, grounded theory, ethnography, case studies and narratives (Creswell, 2008). In addition, SWOT analysis is a popular formulating strategy method which determines the strengths, weaknesses, opportunities and threats that affect organizational performance. Precisely, a formulating strategy often begins with an assessment of the internal and external factors that will affect an organization's competitive situation (Daft & Marcic, 2006). Moreover, situation analysis is important to all organizations but is more crucial to businesses being affected by globalization because of the diverse environments in which they operate. This technique is therefore advantageous because it applies to various organizations at the international level.

The controversy surrounding qualitative research methods occurs when the researcher positions him or herself to collect participant meanings, but may at the same time bring personal values into the study. Furthermore, the disadvantages of SWOT analysis are that the technique centers on selecting the most effective sources of internal and external information and can only occur if that information is made available.

The paper was organized as follows. Section 2 introduced the concept of globalization and CARICOM's history and developments. Section 3 developed the research methodology. Section 4 disclosed the research findings. Section 5 provided the conclusion.

Globalization and CARICOM's History and Developments

Globalization, from an economic perspective, refers to the extension of production and distribution of goods and services on a vastly greater international scale (Marquit, 2006). Other arguments suggest the impact to be like the "flattening" of the globe (Friedman, 2008). In other words, globalized trade, outsourcing, supply-chaining, and political forces have changed the world permanently, for both better and worse (Friedman, 2008).

It is believed that globalization has boosted world productivity, reducing obstacles in selling goods and services (Marquit, 2006). However, while trade agreements make the globalization model more feasible from an economic perspective, globalisation itself is not limited to economics. In an article entitled *All cultures are not*

¹ A nation can develop a comparative advantage in a product if it can supply it more efficiently and at a lower price than it can supply other goods, compared with the outputs of other countries (Boone & Kurtz, 2005).

² A country has an absolute advantage in making a product for which it can maintain a monopoly or that it can produce at a lower cost than any competitor (Boone & Kurtz, 2005).

equal, the author highlighted that while global economies are converging, cultures are diverging, and the widening cultural differences are leading us into a period of conflict, inequality and segmentation (Brooks, 2005). In that article, it was further divulged that globalization and the revolution in communications technology was instituted to bring us all together, but the opposite holds true and people are taking advantage of freedom and technology to create new groups and cultural zones (Brooks, 2005).

If the latter is true, then the question to be asked would be what has gone wrong with the model. It has been suggested by one writer that part of the problem is that economic growth has been built on a narrow base. That referenced author is of the opinion that the information technology sector, for example, has so far created around 1 million jobs, but meanwhile, the labor force is expanding by about 8 million a year and broadening and deepening the growth process in labor-intensive manufacturing and in rural areas is vital (Watkins, 2006).

Other writers hold the opinion that globalization is already on the decline and there is the reemergence of Nationalism in some societies. For instance, it was revealed that the first clear hint of the end of the reigning ideology came with Malaysia's successful rejection of the globalization model (Saul, 2004). Furthermore, it was believed that "the Malaysians saw it as a national political crisis with economic implications and so they acted politically and nationally, and were proved right" (Saul, 2004).

Organizations that have been instituted to ease the barriers of international trade, while at the same time, monitoring trade policies, practices and institutions that offer monetary assistance include General Agreement on Tariffs and Trade (GATT³) which today is succeeded by the World Trade Organization (WTO⁴), the World Bank⁵ and the International Monetary Fund (IMF⁶). In addition, international economic communities which have been formed to facilitate the increased trade include: (1) the North American Free Trade Agreement (NAFTA⁷); and (2) the European Union (EU⁸).

The first attempt to establish a political union among the Caribbean countries began in 1958, when the West Indies Federation was formed. Back then, the Federation comprised 10 territories⁹ and was established by the British Caribbean Federation Act of 1956 (CARICOM, 2008). The major shortcoming of the Federation was that it did not place emphasis on its economic aspect during the four years of its existence and as a result the Federation quickly came to an end in 1962.

The establishment of CARICOM was introduced at the Seventh Heads of Government Conference in November 1972. To this end, the decision to establish the CARICOM materialized at the Eighth Heads of

³ General Agreement on Tariffs and Trade (GATT) is an international organization of over 100 members with rules to ensure nondiscrimination, provide clear procedures, settle disputes, and encourage participation of LDCs in international trade (Daft & Marcic, 2006).

⁴ WTO is a 135 member international institution that monitors GATT agreements and mediates international trade disputes (Boone & Kurtz, 2005).

⁵ The World Bank primarily funds projects that build or expand nation's infrastructure such as transportation, education and medical systems and facilities (Boone & Kurtz, 2005).

⁶ The IMF was created to promote trade through financial cooperation and in the process, eliminate barriers (Boone & Kurtz, 2005).

⁷ NAFTA means North American Free Trade Agreement and is a trilateral trade bloc in North America created by the governments of the United States, Canada, and Mexico. The agreement creating the trade block came into force on January 1, 1994 (Boone & Kurtz, 2005).

⁸ EU is a 25 nation European alliance (Boone & Kurtz, 2005).

⁹ The 10 territories of the Federation included: Antigua and Barbuda, Barbados, Dominica, Grenada, Jamaica, Montserrat, the then St Kitts-Nevis-Anguilla, Saint Lucia, St Vincent and Trinidad and Tobago (CARICOM, 2008).

Government Conference of CARIFTA held in April 1973 in Georgetown, Guyana. The Georgetown Accord¹⁰ outlines the process through which it was established. By May 1, 1974 all other members of CARIFTA¹¹ had signed the Agreement to become full members of CARICOM, except Antigua and Barbuda and St. Kitts and Nevis who both signed later in July 1974 (CARICOM, 2008).

To date, the other members or associate members of CARICOM are: (1) the Bahamas, a member of the Caribbean Community in July 1983 but not of the Common Market; (2) Suriname, a member of the Caribbean Community in July 1995 and the Common Market in January 1996; (3) Haiti, a member of the Caribbean Community in July 2002; (4) the Virgin Islands and the Turks and Caicos Islands, associate members of the Caribbean Community in July 1991; (5) Anguilla, an associate member of the Caribbean Community in July 1999; (6) the Cayman Islands, an associate member of the Caribbean Community in May 2002; and (7) Bermuda, an associate member of the Caribbean Community in July 2003 (CARICOM, 2008). More importantly, the three objectives of the community at its inception were economic integration, co-ordination of foreign policy, and functional co-operation in areas such as health, education and culture, and other areas related to human and social development (CARICOM, 2008).

To recall, two efforts to combat the trade liberalization process with a Caribbean agenda have been the CSME and the FTAA. Regarding the former, in 1989, it was decided to establish the CSME, in an effort to better respond to the challenges and opportunities presented by globalization. The main objectives of the CSME are: (1) full use of labour; (2) full exploitation of the other factors of production; (3) competitive production leading to greater variety; and (4) quality and quantity of goods and services, thereby providing greater capacity to trade with other countries (CARICOM, 2001).

The Single Market¹² component of the CSME involving Barbados, Belize, Guyana, Jamaica, Suriname, and Trinidad and Tobago came into being on January 1, 2006 (CARICOM, 2008). The framework for the Single Economy component of the CSME was expected to be in place by 2008.

Finally, the Revised Treaty of Chaguaramas identifies many regional institutions¹³ under CARICOM's command. Today, there are still many islands which have not introduced the necessary policies, laws and infrastructure to make CSME a success (CARICOM, 2001).

¹⁰ Original signatories to the Treaty were Prime Ministers Errol Barrow for Barbados; Forbes Burnham for Guyana; Michael Manley for Jamaica; Eric Williams for Trinidad and Tobago (CARICOM, 2008).

¹¹ In October 1967, CARIFTA was formally agreed upon, at the Fourth Heads of Government Conference held in Bridgetown, Barbados and was the free trade agreement that existed before CARICOM (CARICOM, 2008).

¹² The other Member States except The Bahamas and Haiti, which had not signified their intention to participate in the CSME, and Montserrat—a British Dependency, which must await the necessary instrument of entrustment from the United Kingdom—became part of the Single Market in July 2006 (CARICOM, 2008).

¹³ The institutions recognized by the Revised Treaty of Chaguaramas are: Assembly of Caribbean Community Parliamentarians (ACCP); Caribbean Disaster Emergency Response Agency (CDERA); Caribbean Meteorological Institute (CMI); Caribbean Meteorological Organization (CMO); Caribbean Environmental Health Institute (CEHI); Caribbean Agricultural Research and Development Institute (CARDI); Caribbean Centre for Developmental Administration (CARICAD); and the Caribbean Food and Nutrition Institute (CFNI). The Caribbean Regional Organization for Standards and Quality (CROSQ) and the Caribbean Community Climate Change Centre (CCCCC) are examples of institutions established by the Community subsequent to the ratification of the Revised Treaty. Associate Institutions of the Community are the Caribbean Development bank (CDB), the University of Guyana (UG), the University of the West Indies (UWI), the Caribbean Law Institute and its Centre (CLIC) and the Secretariat of the Organization of Eastern Caribbean States (OECS). Among the key partners in the integration process are the Caribbean Congress of Labour (CCL), the Caribbean Association of Industry and Commerce (CAIC) and the Caribbean Policy Development Centre (CPDC) (CARICOM, 2008).

Collectively, Caribbean governments have agreed that their small economies have limited bargaining power when negotiating with the developed nations, but have refused to push the CSME agenda in fear of losing their individual political powers. However, CARICOM's agenda has silently been in motion as more and more Caribbean Nationals migrate to other Caribbean states, instead of the US, for better employment opportunities, and the BVI has not been excluded from this process.

Research Methodology

Qualitative research methods focus on a single phenomenon, while at the same time, studying the context or setting of participants and validating the accuracy of its findings (Creswell, 2008). Additionally, SWOT analysis involves a search for strengths, weaknesses, opportunities and threats that affect organizational performance. Put differently, SWOT analysis allows leaders to review the organization's performance at all levels with the intention of uncovering its deficiencies and improving its performance in the near future. Given the nature of CARICOM's past challenges, a SWOT analysis was deemed the suitable application for this research.

The usual steps of a typical qualitative research method were applied within this paper. First, the objects of the study, globalization and CARICOM were identified and described. The first object, globalization, is a multidimensional topic that attracts varying perspectives and debates, including the erasure of national boundaries for economic purposes. The second object, CARICOM, is a regional institution that proposes economic integration, coordinates foreign policy and provides functional cooperation for its member and associate member states (CARICOM, 2008).

Second, the sampling size and procedures for interviews were determined and the types of respondents were identified. In this research, open-ended questions were preferred, since they tend to permit an unlimited number of possible answers, and sanction respondents to answer in detail. It should also be noted that open-ended questioning gives interviewees the opportunity to qualify and clarify their responses and indirectly permits unanticipated findings to be discovered. To uncover, the relevance of CARICOM's existence to the BVI in the context of globalization, face-to-face interviews were conducted with active politicians who expressed their views and applied their experiences working among other Caribbean countries on the global stage. To be more specific, the interviewees were the Legislative Representative for the Seventh District of the Virgin Islands House of Assembly¹⁴ and a former independent candidate¹⁵ within the Virgin Islands 2007 elections.

Third, seven questions were formulated for the two interviews. Nevertheless, the questions more relevant to this paper were: (1) What are your views on Caribbean Integration? (2) Would it be a good thing for the Caribbean to come together? (3) How successful do you think CARICOM has been in moving this initiative forward? (4) What is your opinion on the Caribbean Single Market Economy (CSME)? (5) Do you think it will work in the best interest of all CARICOM members and associates?

Fourth, after obtaining the responses from the interviews and reviewing other documentary sources, an evaluation of CARICOM's mission and goals was undertaken, that is, a review of its strengths, weakness,

¹⁴ The first interview was conducted with Dr. the Honorable, Kedrick Pickering, Opposition Member of the Virgin Islands House of Assembly on April 6, 2009.

¹⁵ The second interview was conducted with Mr. Richard, Courtney de Castro, a Senior Lecturer of the HLSCC, a political activist, a former political candidate and the co-host for *Speak Your Mind* talk show on April 20, 2009.

opportunities and threats. In particular, strengths are positive internal characteristics that the organization can exploit to achieve its strategic performance, while on the other hand, weaknesses are internal characteristics that might inhibit or restrict the organization's performance (Daft & Marcic, 2006).

Fifth, a redefining of CARICOM's mission, goals and grand strategy was recommended, for which a new corporate business and functional strategy could occur.

Sixth, a conclusion was drawn from the research.

Research Findings

As mentioned above, it was decided to administer interviews to two political figures from the BVI because this subject was deemed more applicable to those involved in the political spectrum of the society. From these interviews, a number of salient points were brought to light.

First, it was expressed that CARICOM's ideals were commendable, especially as they related to the CSME initiative. Yet, there was little support for the latter, as there was still too much apprehension against the free movement of labor. In that connection, many of the smaller islands, like the BVI and the Bahamas, are hesitant to give up their sovereign rights to monitor and control the movement of immigrants to and from their countries. Likewise, there remains a false perception that CSME will threaten the sovereignty of the CARICOM leaders, and unless these countries become less self-centered, they will not give CSME anymore support.

As a result, it is recommended that member and associate member states become engaged in dialogues at the regional level, to discuss comprehensively the benefits and concerns that the CSME initiative could bring to the entire Caribbean. It is intended that such a discussion would facilitate the objective review of CSME. Another suggestion would be to hold referendum votes throughout the region on the issue. It was believed that this would in turn, remove the issue from its political spectrum and take it to the "grass-roots levels" and engage constituents, who are really the ones to be affected by the initiative.

Second, there are many success stories within CARICOM, as depicted earlier in this paper. One of major success is that most of the political leaders within CARICOM today are products of the University of the West Indies (UWI), and this should be a major motivating factor to propel the CARICOM movement forward. Regrettably, it is believed that some of CARICOM's leaders are technocratic in nature, which could mean that they seem to be more driven by strategies that will help their individual countries, rather than initiatives that will advance the Caribbean, as a whole. In short, these individualistic approaches have been transferred to the trade and economic development agreement negotiation processes, as political leaders become consumed with satisfying their electorate and safeguarding their political careers. In the like manner, CARICOM is really not working within an ideal situation, as "individual island" approaches take precedence. A solution to counter these obstacles would be for CARICOM to publicize its success stories more, to allow a greater buy-in effect.

Third, there is a view that the OECS (Organization of Eastern Caribbean States) has more common traits among its membership than CARICOM. At the same time, it is perceived that the OECS movement is a more successful entity than CARICOM when it comes to the meeting of minds and having a common currency. The BVI in particular, appears to have a greater interest in the OECS body, as it recently hosted an OECS Heads of Government Meeting in May 2009. Indeed, lessons can be learnt from the EU which experienced trials in its initial stages of existence, but quickly overcame them, and now holds one of the more competitive currencies

within the global economy. Accordingly, it is recommended that CARICOM markets its commonalities more among its membership.

Fourth, it is believed that current Caribbean leaders lack the vision held by their predecessors since there is no exhibited passion to engage in trade amongst the CARICOM's membership or even to further the development of a regional market in which regional goods and services will be exchanged. Put differently, it appears that our leaders fall subject to the "Divide and Conquer" tactics put forward by the developed countries.

It was also found that CSME must be given greater opportunity to work and create a sustainable economy for the Caribbean, as a whole. Simultaneously, the Caribbean Court of Justice (CCJ) as the regional court must be given much more support if it is to effectively oversee and mediate the legal systems that must be in place, when trade activity at the regional level increases. CARICOM should also consider extending Caribbean negotiations for international trade and economic development to the level of the Americas, so that the advantages of a larger market could be realized.

Overall, there is value in the CARICOM ideal and how successful this ideal becomes will depend on how well that vision is articulated to the people of the Caribbean. Perhaps the larger threat of globalization may coerce the Caribbean to become more open to the possibilities of CSME.

Conclusion

The purpose of this study was to consider the relevance of CARICOM's existence to the BVI. To repeat, its relevance becomes most significant to the BVI and the Caribbean, by extension, when the globalization phenomenon is applied. To conduct such a review, the study focused on its objects, globalization and CARICOM. Afterwards, the study proceeded with a SWOT analysis given the nature of CARICOM's past challenges. In that connection, a sampling design was proposed involved face-to-face interviews. These interviews were conducted with the Legislative Representative for the Seventh District and a former Independent Candidate from the 2007 elections in the BVI.

From the research findings, these salient points emerged.

First, the region must make a conclusive decision on CSME's future and provide greater opportunity for the initiative, as there is still value in the CARICOM ideal and how successful this ideal becomes will depend on how that vision is articulated to the people of the Caribbean. Consequently, it is recommended that a referendum vote be administered within all CARICOM member and associate member states to determine how the constituents of the Caribbean really feel about the initiative.

Second, there seems to be a lack of vision among CARICOM leaders who seem to fall subject to the "Divide and Conquer" tactics put forward by the developed countries. To overcome this, the leaders of the Caribbean must find the commonalities between their territories and use these commonalities to advance CARICOM's initiatives. In the same vein, CARICOM should consider extending Caribbean negotiations for international trade and economic development to the level of the Americas, so that the advantages of a larger market could be realized.

Overall, the study has concluded that even though the BVI remains only an associate member of CARICOM, and not of CSME, it still has an interest in the progress of the regional grouping and its trade initiatives. Regrettably, CARICOM has been struggling with its identity as a unified grouping for a number of years. In an

effort to combat the liberalization of markets process, however, the grouping must find that inner connection to advance its agenda on the global stage. Accordingly, it has been recommended by those interviewed that CARICOM begin to focus on its strengths and opportunities in order for economic development across the region to occur. It was also suggested that more serious consideration be taken towards the development of a comprehensive regional market for the trading of goods and services, that is, CSME.

To check the robustness of these results, it will be important in further research, to conduct more interviews with other political figures from the BVI and extend the research question to the entire Caribbean.

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