

THE FUTURE OF THE CARIBBEAN

Caribbean Development in the Midst of New Regional and Global Dynamics¹

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Abstract: *Much of the Caribbean is living through its most protracted development crisis since independence. This is usually presented as the outcome of a series of acute challenges relating to growth, debt, governance, regional integration, climate change and so on, all of which demand an endogenous response by individual states or the region as a whole. Yet what is less often recognised is that the context in which Caribbean development has to take place today has profoundly changed during and beyond the global crisis. This paper seeks to delineate the contours of the new structural challenge faced by the region, something which is characterised by, in particular, the collapse of hyper-neoliberal capitalism, the breaking down of old binaries between 'North' and 'South,' along with the changing nature of national development processes, the role of the State within them, and the de-territorialised nature of contemporary production. It also seeks to explain the wider implications of this new context for Caribbean development processes. The central argument is fundamentally that the region requires a new approach to development that eschews ossified ways of thinking on both sides of the ideological fence. On the one hand, it has to come to terms with the general contemporary victory of global liberalism and an increasingly open and competitive restructuring international political economy. Yet on the other, it cannot blindly follow tired neoliberal development prescriptions if it is to be developmentally successful. Within its broader liberal edifice, the nature of the unfolding global order is neither pre-determined nor inevitable, but rather highly complex and marked by contradictions: it is, in fact, vehemently contested by critical actors, particularly in terms of the specific forms of capitalism that are plausible within it. It offers both threats and opportunity: if the Caribbean is to seize the latter while warding off the former, the region desperately needs to rediscover a strategic orientation driven by repurposed and invigorated political institutions.*

It is often remarked that both Caribbean regionalism and the development that it is supposed to underpin are in acute crisis. The lack of momentum in the integration process is especially tragic, for the clouds amassing on the regional developmental horizon are infinitely darker in the mid-2010s than they were at even the most desperate period of the 1980s and 1990s. The collapse in growth rates that accompanied the wider international financial catastrophe,

environmental devastation in general and climate change in particular, deteriorating governance, insecurity and violence, the end of preferences and with it the concomitant decline of export agriculture and intensified rural poverty, and the explosion of national debt burdens would each, individually, represent a daunting challenge. However, as Norman Girvan suggested shortly before his untimely passing, collectively these challenges represent nothing less today than truly ‘existential threats’.² Is this an overstatement? Previously, it may well have been. However, today we might be considerably less sanguine – and justifiably so – for three main reasons.

First, the nature of the developmental challenge faced by many Caribbean societies is no longer one of simply building what another long-time observer of the region, Anthony Payne, has called ‘a viable, functioning political economy’ as it was in the 1960s and 1970s.³ On the contrary, these pressures – either individually or most certainly collectively – have the potential to undermine not simply the quality of life in the region or particular planks of a given country’s development strategy. Rather, they call into question the basic viability of entire societies – or, more accurately, those marginalised people and groups within them who have few escape routes from the most debilitating economic, social, political or environmental effects – and undermine the very basis on which any meaningful process of development might be based. In other words, these challenges are becoming, in certain instances, completely intractable. Second, the regional institutional settlement is utterly unable to cope with this panorama of difficulties. This is partly a reflection of the fact that the Caribbean Community (CARICOM) itself has been, for many years now, in a long process of relative decline. However, the rot runs much deeper than this. Recent developments – not least the lack of purposeful forward momentum in the Caribbean Single Market and Economy (CSME), which has been officially ‘paused’ since 2011 – are emblematic of an integration movement that has, essentially, run out of steam. The problem is not primarily that integration is struggling, even though that is, of course, intrinsically tragic. Rather, this matters because of what it reveals in a deeper sense: in sum, the inability of regional institutions to conclude an agreement that was, in reality, designed for very different times (the neoliberal heyday of the 1980s and 1990s) is exceeded only by their even greater inability to renew themselves in order to deal with the distinctive post-global crisis era of today. So, Caribbean-wide institutions, which, even were they operating perfectly, would be insufficient to deal with contemporary challenges, are in a marked process of decline at the exact moment that they need to be reinvigorated and expanded so that they might have some chance of finding solutions to what are a series of, again, almost intractable problems. Third, and most critically, the world is changing:

rapidly. The existential challenges faced by the Caribbean are largely symptoms of broader processes – global economic catastrophe, the destabilising indulgence of footloose financial capital, ineffective and exclusionary structures of global governance, and a looming environmental disaster – and it is within this changing structural context where both the threats (and opportunities) manifest themselves and the regional response must be located. Yet in order to have any chance of doing this – and maybe even seizing new opportunities – not only are new and more effective institutions required, but key political and technocratic actors must comprehend, in a highly nuanced way, the reality of the emerging global order.

However, it is far from clear that this is the case. Indeed, a rather tired debate is regularly rehearsed in the Caribbean between those who are still fighting the painful battles of the 1980s and beyond. Put crudely: on one side of the fence there is what we might call the neoliberals, who took a little too literally Francis Fukuyama's often misinterpreted claim that history ended in 1989, and see the only plausible course for the region to be one of simply opening up and liberalising its economies via trade, accepting the logic of supposedly 'free' markets, and seeking to become 'competitive.' On the other side are a mixture of radicals, who, with roots in the rich and vibrant debates that sought to consciously chart an independent developmental path for the region during the era of independence in the 1960s and 1970s, have never accepted the neoliberal case, instead viewing its imposition via structural adjustment as repeating the familiar pattern of exploitation and structural inequality that has typified the Caribbean historical experience.⁴ The problem is that neither group listens to – or even understands – each other, something that was abundantly clear during the painful fallout from the negotiations with the European Union (EU) over the Economic Partnership Agreement (EPA).⁵ And how could they? They are divided by ontology, meaning a set of fundamentally different assumptions about the nature of the world. The former generally trained as orthodox economists and make their pitch from the policy world: they are consequently endowed with a rationalist's belief in the self-correcting nature of markets, the essential efficiency of global market capitalism, and they tend to emphasise the benefits available to Caribbean economies of participating if only they become competitive in market terms. By contrast, the latter are generally of a heterodox persuasion, many are not trained economists, and they are located in the academic world, in a wide variety of disciplines across the social – and even natural – sciences, as well as the humanities: their approach is marked by theoretical eclecticism, a rejection of the pseudo-scientific pretensions of modern economics in favour of emphasising the deeply *political* composition of market orders and the social relations that they sustain, along with the

fundamental historical unfairness of global capitalism, and the threats it portends. So, while one group stresses *agency* and the opportunities awaiting Caribbean actors who are prepared to ride the choppy waves of globalisation, the other points out the essential *structural* challenge that faces the region in a world not of its making.

Robert Cox once famously identified a similar division within the field of international relations. To paraphrase his argument, the former are essentially ‘problem-solvers’ who take the world as read, ‘with the prevailing social and power relationships and the institutions into which they are organised, as the given framework for action.’ This in turn often implies a narrow, technical, policy-focused agenda, such as how to make markets work better, or how to achieve reductions in the debt burden necessary to satisfy the International Monetary Fund (IMF), or how to negotiate a better trade agreement. The latter, by contrast, are ‘critical thinkers’ who stand back from the world and question ‘how that order came about’.⁶ Their agenda is not to find solutions to apparently technical problems that are defined according to the terms favoured by powerful protagonists, but rather to subject the dominant concepts and institutions themselves to scrutiny. On this reading, ‘the market’ is not something that exists naturally or works perfectly, but is rather the outcome of a particular constellation of power relations; high debt burdens – along with the IMF’s often-ambiguous role in perpetuating them – have deep historical and political roots which require excavation and explanation, particularly given that different countries receive quite different treatment;⁷ and trade negotiations, in a context of highly asymmetric levels of power between the two parties, are inherently a recipe for exploitation, not a positive-sum outcome that benefits both parties equally.

My own sensibilities and sympathies are with the critics, yet my argument here is that both groups fail to grasp the substantial challenge presented by the contemporary era that is now unfolding, and neither offers a prospectus, on their own, that even begins to chart, intellectually or practically, a modern development strategy that might ameliorate, let alone overcome, some of the existential threats facing the region. The problem-solvers are surely right that we live, for better or worse, in a fundamentally neoliberal global order. They are wrong, though, if they think that this is something that is stable, uncontested, or even desirable. Theirs is an essentially passive vision: open-up, let markets – i.e. systems of economic production, distribution and consumption that are dominated by a relatively small number of disproportionately powerful multi-national corporations (MNCs) – weave their supposed magic, and development will ensue. Yet what is often misguidedly

equated with ‘free markets’ is nothing of the kind, but rather an ideological veneer over the intensification of often-insidious patterns of corporate control and the fencing-off of public spaces for private enrichment.⁸

One aspect of this is the ‘dangerous obsession’ with particular forms of competitiveness, which actually has the capacity to undermine the very foundations of economic production and social provision.⁹ The critical thinkers, by contrast, are undoubtedly right that the Caribbean has persistently suffered from its exploitative patterns of insertion into the global political economy, and also that we cannot comprehend contemporary reality without understanding how historical legacies play out in the exclusionary, imbalanced – and often illegitimate – webs of power in which the region is enmeshed today. But the problem with standing back and offering critique is a familiar one: it can be nihilistic and sanctimonious, and even debilitating to progress as it sees mainly threats rather than opportunities, suffering from a marked inability to offer solutions.

Consequently, my agenda in this paper is to try to transcend some of the limitations of both positions. I suggest that the world is changing at such a rapid pace that sacred cows, on both sides of the ideological divide, need to be slaughtered rather than fed. Put simply: we can champion the desire on the part of the problem-solvers to discover solutions and seize opportunities without accepting their narrow, neoliberal and technocratic framing of the contours of the challenges themselves; and we can acknowledge the importance of subjecting dominant power structures and the narratives that sustain them to serious critical scrutiny, while rejecting what is a largely defensive, pessimistic and conspiratorial account of the world. The argument unfolds in three stages.

First, I discuss the contemporary calamity in Caribbean integration, arguing that it is rapidly becoming terminal in nature. Second, I address the wider global picture, and analyse the patterns of change that are collectively calling into question dominant ways of thinking about development. Finally, I briefly offer a prospectus for a Caribbean response to this new context that is able to transcend the ideological divide in the region. My broad argument is rather a simple one: between the failed neoliberal orthodoxy and the more radical dependency-influenced thinking of the post-independence era, both of which are today extremely dated, a ‘developmentalist’ synthesis should be developed. Many of his enemies will not realise this, preferring to caricature him as an old-fashioned Marxist, but Norman Girvan’s political economy was consistently of a pragmatic and broadly developmentalist bent.¹⁰ This is a way of thinking that recognised how, when left to their own devices – and skewed by the powerful

and self-interested actors that inhabit them – markets will never produce development of a meaningful kind. Their construction cannot, therefore, be an end in itself, and they need to be shaped *strategically* to serve the purpose of development. All of the countries that are developing rapidly in the contemporary era have learned this lesson: it is the intelligent and purposeful *marrying* of markets *and* public institutions, without privileging one over the other, grounded in a thoroughgoing understanding of local realities and a clear conception of the kind of development that is desired, that has to be the region's goal if it is to begin to find answers to the quite sizeable challenges with which it is faced.

The crisis in Caribbean integration

The perception of crisis is not new: since the 1980s, observers of integration in general – and the Caribbean Community (CARICOM) in particular – have continually warned that the region is facing its gravest situation yet.¹¹ Consequently, if we recognise that, rather than progress, it is actually an all-pervading sense of crisis that has characterised the regional integration movement for decades now, we should perhaps begin to consider this the norm, rather than the exception, and progress as something that is, by contrast, actually extraordinary. By doing so, we might also have to dramatically temper our expectations regarding the limits of the possible. However, if we lower our horizon of hope in this way, two problems become immediately and abundantly obvious.

Firstly, we do far too much to let political actors – politicians, regional technocrats, civil society groups, the business elite, academics and commentators, even ourselves as interested individuals – off the proverbial hook. Things do not simply happen according to an unavoidable, impersonal, celestial logic, and the CSME did not pause itself. Passive sentences that are written and spoken without subjects consciously elide agency, and they serve only to obscure deeply political choices made by often-powerful actors. The disappointing progress in regional integration is not something that has occurred of its own volition. It is the product of a series of choices made by leaders themselves, and the social forces – to use Robert Cox's term – latent within Caribbean society that have, for whatever reason, not held them fully to account.¹² Regardless of the wisdom of the policy responses that are guiding contemporary regionalism – you may, of course, think that narrowing the ambition of CARICOM or the CSME is actually an appropriate agenda for action – we cannot escape this fact. We get the regional integration that we deserve, and I say this as a British national living in the Caribbean who is

perplexed by the self-defeating public discourse that prevails in both: some of the everyday debate in the United Kingdom (UK) regarding the European Union (EU) is just as misinformed and misguided as much of that pertaining to CARICOM. So, if a narrow-minded and totally unfounded fear of other Caribbean people – which, in the United Kingdom, can be similarly read as Poles, Bulgarians and Romanians – coming to supposedly steal our jobs frightens politicians into abandoning plans to help people move freely around their own region, then we all have to take the blame for that. One positive conclusion that flows from this, though, is that the opposite is also true: if we really believe in the power of coming together to lift the opportunities of all, then we can fight for it by informing ourselves, shaping public discussion, and compelling our politicians to serve a greater good than simply safeguarding their electoral interests via an appeal to the lowest common denominator of opinion within society.

Secondly, if we accept sustained crisis as something that is inevitable, and therefore lower our panorama of expectancy accordingly, we also become fully complicit in undermining the integration process itself. Put another way, if we believe that things are not going to get better, and conduct our work as thinkers and doers in ways that are underpinned by an essentially negative set of expectations, there is no way that things will get better. Without hope and optimism, belief – which is already in short supply – will be sucked relentlessly from the process. Crisis will increasingly develop its own momentum, and the decline of Caribbean regionalism, which plenty among us feel is increasingly of an existential nature, will become a truly self-fulfilling prophecy. Yet if we remain hopeful, and conduct our business with a demeanour of anticipation and ambition, we at least leave the door open to positive change occurring. As has sometimes been the case in the past – such as in 1973, when CARICOM came into being, or at Rose Hall in 2003, which was the last time leaders chose to take a brave, but sadly still unrealised, leap forward – the right confluence of committed, forward-thinking incumbent Prime Ministers and Presidents, along with the right mix of ideas presented by the region's most competent intellectuals and technocrats, may well present themselves again and lead to positive change.¹³ Nothing is guaranteed, of course. But progress is a train that can only run on tracks which are themselves constructed upon a meaningful and genuinely *progressive* vision of the future.

Whither CARICOM?

Although claims about the Caribbean regional project being in crisis are not at all new, there is something very different about the contemporary era in which

these travails are playing out. Whether or not we subscribe to the more pessimistic analyses regarding where CARICOM and the CSME appear to be heading, the sense is that, in contrast to the 1980s or 1990s, time really is running out to institutionalise an ambitious regional settlement that lives up to its potential. Indeed, for some, it may even be too late. As PJ Patterson, one of the heroes of Rose Hall put it recently, ‘some decisive steps are urgently required to rescue CARICOM, or else life support may come too late to prevent coma.’¹⁴ Intellectually, the crucial point to note is that, in contrast to previous eras, the evolution of integration processes may no longer be in the hands of Caribbean actors themselves. This is, broadly speaking, a function of dramatic changes in the international context in which our states, societies, economies and regional institutions are, for better or worse, unavoidably enmeshed. I recently published a book chapter where I sought to outline some of the contours of this challenge.¹⁵ Forgive me for taking the liberty of rehearsing the argument briefly here.

The past decade or so has witnessed change occurring at a blistering pace in the Global Political Economy (GPE). In just a few years, China has emerged to take its place at the top table of world affairs, and this is just the most obvious element of the remarkable shift in economic power to the ‘East’ that is underway. By contrast, much of the ‘West’ in general, and the EU in particular, is beset by an enduring crisis which potentially has years yet to run. Even as the ill-fated Doha Round of trade negotiations at the World Trade Organization (WTO) has now effectively collapsed, we have seen negotiations commence outside of the body’s purview regarding the establishment of a number of mooted mega-trading blocs which are ‘WTO-plus’ in character.¹⁶ This is something that is further reflected in the EU’s supposed ‘developmental’ diplomacy – meaning its approach to the African, Caribbean and Pacific (ACP) countries – which is today as ruthless and doctrinaire as its ‘commercial’ diplomacy with considerably more powerful states; as Tony Heron and Gabriel Siles-Brügge have argued, the two are inter-twined to such an extent that they are now essentially indistinguishable.¹⁷ Hemispherically, the Caribbean finds itself amidst significant shifts: new processes of regional integration are occurring with unprecedented speed and scope; new alliances are being forged; and new patterns of economic growth and development are rapidly undermining traditional ways of doing things. Moreover, the Caribbean is excluded from many of these processes of change: as it remains preoccupied with interminable and fearful parochial debates about pooling sovereignty – a sovereignty which, let us be clear, is insignificant in anything other than name for individual small states which are transgressed by powerful and destructive forces on a daily basis – or whether or not to allow handfuls of people to move

freely from country to country, or indeed to consider the admission of the Dominican Republic to CARICOM, the rest of Latin America is getting on with developing agreements and mechanisms which are marked by vision, audacity and ambition.

To put it another way: the rest of the hemisphere is quite plausibly starting to leave the Caribbean behind, and this is only intensified by the contemporary patterns of fragmentation that are identifiable within the region itself. On every conceivable measure, it seems that today CARICOM states are marked by divergence, and this necessarily militates against the kind of unity required for a bold regional settlement. Economically, there is stratification both within and between countries, such that endemic poverty exists side-by-side with often-gaudy displays of wealth (wealth which, moreover, is frequently generated in illicit or at least questionable ways). Politically, electorates are polarised between parties offering only meaningless alternatives, and which operate under an utterly dysfunctional Westminster system of politics in order to, as the late Norman Girvan put it shortly before he passed away, largely facilitate ‘the plunder of state resources by politicians and their cronies.’¹⁸ Perhaps most importantly for our discussion here, though, is the fact that, diplomatically, the countries of the region are being pulled in different directions by irreconcilable forces, with northern countries remaining, as ever, in Washington’s orbit, the small islands of the Eastern Caribbean rapidly deepening their own process of integration, and those on the South American mainland increasingly moving towards Brazil and the wider continent.¹⁹

It barely needs saying, then, that if the Caribbean cannot conclude what is, in truth, a comparatively modest set of agreements under the CSME more than 25 years after it was signed into being in 1989, there is little likelihood of the region being either able or welcome to participate, in a meaningful way, in much bigger international agreements with altogether more arduous commitments. The chances of it doing so were, in truth, much brighter twenty years ago when the international context was – as malign as it appeared at the time – considerably more favourable to it, the interests of Caribbean countries were better aligned, and donor financing for interesting regional projects was more readily available. In short, as the ground shifts beneath the feet of Caribbean societies today, it is not clear whether these quite fundamental global, hemispheric, regional and national processes of change can be resisted. They may well pull the region completely apart.

Two Competing Visions

In 2011, Norman Girvan and myself were the lead authors of a large study on regional integration, which was commissioned by the UK Department for International Development (DFID) and undertaken by the academic staff here at the Institute of International Relations (IIR).²⁰ After speaking to huge numbers of people around the region, we developed twenty recommendations for re-energising the integration process in an expansive and assertive way. These included, amongst other things: a systematic review and root-and-branch reform of CARICOM; the granting of the legal space, whether through a supranational Commission or otherwise, to implement decisions taken by the Heads of Government; the pooling of sovereignty in, initially, just a single issue-area where there is clear collective value in doing so; the creation of a single CARICOM Embassy in one location on an experimental basis to discern how limited diplomatic capacity could be leveraged by pooling it together, and so on. In all, our focus was on trying to think through how we might begin to construct the ambitious tracks that I alluded to earlier on which a renewed CARICOM locomotive could travel well into the future to interesting and exciting places. Our analysis was grounded in the recognition that, while key actors across the region acknowledge the difficulties faced by the integration process, this is something that is widely lamented, and most believe that a re-purposed, expanded and liberated CARICOM should still be the main vehicle for bringing Caribbean countries closer together and pursuing their collective offensive interests.

Yet interestingly, a few months after the publication of our report, CARICOM commissioned its own from the Landell Mills development consultancy in the UK.²¹ The report was narrower in scope than ours, and focused solely on the more limited question of restructuring the CARICOM Secretariat, but it recognised many of the same challenges that occupied our minds: in particular, slow progress in implementation and the worsening financial outlook as the global crisis gathered pace. What is striking, though, is that it was distinctly less ambitious in its recommendations. These embodied a series of consciously constrained steps which could quickly be taken: first, the determination of a limited number of priority areas for action (which, by implication, would allow non-priority commitments to be kicked into the long grass); second, strengthening some of the CARICOM organs (but also *limiting* the institution's scope in other areas which are deemed non-essential); and third, a restructuring of the Secretariat into an institution more heavily focused on implementation. This echoed our own recommendation, but crucially, the caveat was added that, outside of the priority implementation areas, CARICOM's responsibilities would dramatically narrow with the scope of its ambition circumscribed significantly.

In a sense, then, what we actually have is two competing interpretations of the purpose, function and future orientation of CARICOM. One of these – reflected in the IIR report – can be considered an optimistic yet perhaps excessively hopeful view, which sees both CARICOM and the wider integration process that it underpins in a considerably more expansive light. The other, which is notably more austere and pessimistic, but perhaps more pragmatic regarding the likely capacity of CARICOM to effect meaningful transformation – or even simply to survive – effectively sees the institution shrinking to take on a narrower, but arguably more focused, portfolio of responsibilities. In sum, the former perspective still implies a degree of hope regarding CARICOM's capacity to realise its promise after forty or more years of life, and sees it underpinning a considerably more strategic, political, interventionist and transformative conception of the form and purpose of integration. The latter is predicated on a fundamentally different, distinctly narrower and decidedly more technical understanding, both of CARICOM's role and the *raison d'être* and substance of integration. Which of these perspectives ultimately wins out is of critical importance to the future direction of the region, something that is, at present, in serious flux.

The Caribbean in a rapidly changing world

In a recent issue of the *Caribbean Journal of International Relations & Diplomacy*, we published an extraordinarily insightful reflective piece by Owen Arthur, former Prime Minister of Barbados and one of the Caribbean's true heavyweight thinkers and practitioners on economic issues.²² As someone who was at the centre of regional debates over, first, the CSME – as well as the driving force behind the establishment of the unit supervising the process in Barbados – and, later, the wrangling with the EU over the Economic Partnership Agreement (EPA), Arthur is well-placed to offer an authoritative account of the deficiencies within the contemporary regional integration settlement in the Caribbean, which are encompassed in the fact that 'the region of the world which needs to integrate the most is relying least on such a mechanism for its transformation.' This is, as he argues, an extremely worrying sign, as other parts of the world deepen their integration processes and fully internalise the logic of new patterns of de-territorialised trade and production via global value chains (GVCs) and engage in the kinds of cross-border co-operation of which our region – and its economic elites – remain deeply suspicious. We are, he suggests, at quite a turning-point as the core countries and regions of the world seek to institutionalise mega-trade blocs like the Trans-Pacific Partnership (TPP) or the Trans-Atlantic Trade and Investment Partnership (TTIP), and

even those that the Caribbean might think of as its peers, are busily establishing – or have even finished doing so – new and wide-ranging free-trade agreements (FTAs) with major players, such as the so-called CAFTA-DR agreement between the United States, the Dominican Republic and a number of Central American countries.

It is, therefore, only through a full and unequivocally offensive participation in global liberalising trends, Arthur argues, that Caribbean countries individually – or the region as a whole – will reap the rewards of the new economy. The very same processes that concern our policymakers – such as the destruction of precious sources of revenue when border taxes are phased out – are those which will empower young entrepreneurs to cheaply purchase the inputs they require to compete globally in emergent sectors at positions which are hopefully far along the value chain. On this reading, it is far better for our young people to build companies that licence, say, high-value sweeteners, or that design marketing campaigns for them, than it is to be cutting cane and exporting uncompetitive raw sugar, which is, like all the primary commodities on which the Caribbean and much of the wider ACP traditionally relied, subject to severe preference erosion in any case.²³ By engaging with the world from a fearful standpoint rather than an optimistic, forward-thinking and assertive one, and thereby protecting archaic ways of doing things and established patterns of vested interest, we serve to inhibit the creative destruction and building of new economies that is necessary and long overdue. If the prevailing way of doing things continues – that is to say, pining for a world that does not exist, rather than engaging aggressively with the one that does – the trend whereby others are leaving the Caribbean behind will only intensify.

Essentially, Arthur offers us the most recent statement – and an eloquent and incisive one at that – of the broad neoliberal perspective on Caribbean regionalism and development that I discussed in the introduction to the paper. Moreover, his analysis begs a quite obvious question: does the CARICOM Caribbean now actually find itself slumped over the bar, drinking the last dregs at the bottom of the glass in the last-chance saloon? In certain respects, the answer is undoubtedly yes. The world is moving on rapidly, and there is no doubt that the dramatic changes that we have seen in the past decade or so, particularly in terms of the increased salience of GVCs in which high-value goods and services are produced, appear to be irresistible, not least since the networks on which they rest have proliferated and intensified dramatically.²⁴ Consequently it seems that the development strategy of the region can probably no longer be one of the kind of grand political designs that accompanied independence, but rather will have to be predicated on the

finding of some kind of a niche – or, more accurately, finding and adapting to a variety of dynamic and constantly changing niches – within the global political economy.²⁵

However, at the same time, there are some significant caveats that should be attached to any plan to open the region's economies up fully to the world. Partly these reflect familiar and well-worn debates relating to trade. Put simply, the liberal myth of free trade is exactly that, a myth, and there is no country anywhere in the world that developed through liberalising its trading relationships in an unthinking way. All of those countries that we misleadingly call 'developed' in the contemporary era²⁶ – whether Britain, the US, and Germany in the eighteenth and nineteenth centuries, Japan and the Asian Tigers in the late twentieth, or even China in the twenty-first – only opened up once they had established strong and competitive industries behind tariff walls, with the purposive intervention of the State, and were therefore powerful enough to compete with some success on international markets.²⁷

Of course, the context for small countries and peripheral regions of the world has undoubtedly changed today, and these kinds of strategies are now considerably more difficult to implement, both because of the reality of de-territorialised production through GVCs and greater scepticism on the part of powerful actors regarding the need to maintain open trade globally. Once the crisis hit in 2008, however, this rhetorical distaste for interventionism did not stop major countries engaging in exactly the kind of previously *verboten* policies that, for decades, they had told the rest of the world were inefficient in market terms and therefore developmentally counter-productive, in particular the creation of subsidy regimes for, and the bailing out of, collapsing firms and industries. Nonetheless, it remains the case, as Owen Arthur argues, that contemporary FTAs are fundamentally about seeking to establish the conditions for the diffusion and intensification of GVCs rather than the kind of country-to-country trade that normally underpins our increasingly anachronistic understanding of these processes. Those that choose not to participate will come to be marginalised from sharing in the benefits of what are often – but not, as I suggest below, always – the high-value production processes that mark today's global economy.

If this is true, though, which I think it is – a recent report by the United Nations Conference on Trade and Development (UNCTAD) estimated that as much as 80 per cent of all global trade takes place within GVCs²⁸ – it surely calls into question the very notion of 'trade' itself, at least as it is represented in conventional models of comparative advantage. I do not propose to get into

this debate in a detailed fashion here, but it strikes me that what we are witnessing evolve potentially has very little to do with trade, certainly as it has been historically conceived ever since Adam Smith, David Ricardo and their followers were writing their ground-breaking liberal treatises on the subject in the late eighteenth and the early nineteenth centuries. For if participation in FTAs is about securing access to the highest possible point of a GVC, States and societies inherently become little more than cogs in a series of global production processes under corporate control. As a description of today's global economy this is certainly accurate, but it rather belies the traditional understanding of trade as something that is embedded domestically, and thereby facilitates the establishment of national industries predicated on a measure of natural or constructed comparative advantage, which, over time, serves to create a degree of convergence between economies internationally.

It barely needs saying, though, that this is not what characterises the contemporary world. As Don Marshall of The UWI Cave Hill in Barbados put it a decade or so ago, this idea represents little more than 'the hoax of our time,' embedded as it is within a 'conventional mythology of "globalisation" [which] summons an inexorable neo-liberalising logic of inevitable convergence.'²⁹ By contrast, it has actually become increasingly clear that the neoliberal approaches to trade that have held sway since the 1980s have instead produced a great amount of divergence, both between and within countries, rather than a rising tide that lifts all boats, along with a plethora of troubling global imbalances of all kinds.³⁰ Moreover, as influential thinkers such as Dani Rodrik have noted, this in turn has called into question the link between trade and development – or at least development of a meaningful kind – and, as time has worn on, neoliberal globalisation appears to be even undermining democracy itself.³¹

Of course, most economists – and political economists – of a heterodox persuasion would not be surprised by this: we really should not expect anything other than divergence when countries at different levels of development, with distinct trading profiles, choose to liberalise their interactions with each other. The increasingly fractious relationship between contemporary Germany and Greece provides a salutary example. A crude reading of the story would be that, essentially, before the crisis, banks in the former lent huge amounts of money to people and institutions in the latter in order to import high-tech German goods, which, over time, only served to reinforce its competitive advantage and with it Greece's declining terms of trade as it had little of a similar value to send the other way. This was made worse by the two countries being locked into a currency, which, for Germany, was notably undervalued, and, when the music

stopped, left Greece with inordinately high debts to pay, and, as Mark Blyth has argued, Germany with banks that were too indebted to bail out. This, when added to the German predilection for deflationary ‘Ordoliberalism,’ largely explains why it has been so keen to ensure that Greece pays its debts in full, even at the cost of widespread social catastrophe – because it is locked into an over-valued Euro, Greece’s only means of devaluation is via an assault on living standards – therefore meaning that the German banks, which were extremely careless during the boom times, get their money back without really having to pay for the costs of their pre-crisis exuberance.³² Although this is but one example, when abstracted to the level of the global political economy as a whole, it sheds light on the reality of divergence that exists everywhere and which needs urgently to be reversed. Indeed, although not entirely analogous, do we not see ghostly echoes of the Germany-Greece situation in the trading relationship between Trinidad and Jamaica too?

Between a rock and a hard place

How should the Caribbean proceed, trapped as it is between something of a rock and a hard place? The most pressing requirement, to my mind, is a circumspect, sceptical and critical analysis of the world in which we are living. There is, again, no real doubt that we do have to operate under new global conditions of trade in which liberalisation – even beyond the crisis – is well entrenched in the mind-set of policymakers.³³ In this sense, we cannot stop the world and get off. But equally, we have to always remember that the processes that we associate with globalisation are neither inevitable nor do they exist free of human agency.

So, we can accept the need to engage with a dynamic global context that throws up new challenges, without being, to quote Marshall once more, ‘seduced by the myth of its inevitability and historical necessity.’³⁴ There is no guarantee, for example, that the mega-FTAs such as TPP or TTIP will become a reality; both are predicated on a raft of highly unrealistic assumptions on the part of their primary advocates, they involve the negotiation of a range of extremely contentious issues – many of which have bedevilled the multilateral liberalisation process through the WTO for years – and they are subject to huge amounts of resistance from civil society and other actors.³⁵ Moreover, the very fact of their existence points to a wider problem within global trade politics: as richer and more powerful states seek to negotiate such enormous and staggeringly ambitious ‘WTO-plus’ agreements, this simultaneously highlights the broader collapse in, what my colleague Valbona Muzaka and myself have called in our research on the Doha Round, the very ‘social purpose’ that

underpins multilateral trade liberalisation via the WTO, even plausibly undermining the crucial judicial role of the institution itself.³⁶ A variety of developing countries – including, especially, major players like India – remain extremely sceptical of the direction of travel of much global trade politicking, and without the kind of shared belief in multilateralism that, however imperfectly, underpinned the post-war order, it is conceivable that the wider edifice of international trade could, at some point, begin to unravel. This in turn could lead the very real fissures that exist across the paraphernalia of global governance to start to fracture completely, thereby creating great instability in the contemporary world order.

In short, while at present we live in a world dominated by corporate power, GVCs and a marked tendency towards greater liberalisation, it does not follow that globalisation with these characteristics will necessarily endure. This is particularly so given that we are still in the midst, as I suggested above, of an unprecedented crisis that has potentially a great many years yet to run.³⁷ This crisis is playing out in highly uneven ways, with often devastating distributional consequences for many of the most marginalised parts of the developing world.³⁸ The EU is still potentially on the brink of messy disintegration – with not only Greek, but British exit a real possibility – and if European or American banks begin to topple again, all bets are off regarding the capacity of Western states to save them, and the nature of the world that will eventually emerge from the subsequent wreckage.

Nonetheless, let us take the world as it appears to be, and make the case that the Caribbean has to engage with it on the terms favoured by neoliberal advocates of modern forms of global trade. On the positive side, the nature of contemporary production processes does present a credible opportunity as much as it does a threat for the region to begin to develop new niches and production processes. In this sense, Owen Arthur is undoubtedly correct that the rules of economic engagement have changed in such a way as to potentially favour entrepreneurs – no matter where they may be located in the world – who can seize dynamic market opportunities wherever they arise. This is especially so given that many growth sectors – in so-called ‘web 3.0’ terms – have low barriers to entry since they are by definition geographically promiscuous, and ultimately about exploiting data, information and knowledge as much as anything else. This is, of course, plausibly very liberating for those groups and individuals within the Caribbean who have the know-how and confidence to exploit these opportunities.

Yet more broadly, the key problem with GVCs is, as I noted above, that they are fundamentally about corporate control of global economic processes. As Nicola Phillips has suggested, lead firms establish GVCs in order to ‘increase profits by establishing and harnessing significant asymmetries of market (and political) power.’³⁹ Indeed, the very rationale for GVCs, from the perspective of capital, is that it permits the extraction of value that would not otherwise be possible if economic processes were conducted in traditional ways. This means that such activity inherently creates losers and winners. The patterns of influence that are subsequently exerted on firms – and their host states – along the chain can be quite disorientating. Some may flourish and others may not. As Phillips further notes, even in a situation where participation in a GVC brings employment, ‘the nature and terms of work are often highly adverse, particularly in sectors which are labour-intensive and price-sensitive.’ Moreover, not only is it the case that the kind of activity undertaken within the value chain might itself not lead to obvious or desirable development effects, it is also that ‘economic upgrading in some contexts *depends on* a depression of labour or environmental standards, with strongly negative developmental outcomes.’⁴⁰ The significance of this is that, as others, such as John Ravenhill, have also argued, there is no automatic or intrinsic link between participation in GVCs and development more broadly, and this is something that is a serious deficiency in much of the literature on the subject.⁴¹

It is consequently *the nature* of the engagement that matters, not the simple act of doing so. Therefore, participating in GVCs – via new FTAs – does not, of itself, amount to a development strategy for the Caribbean. It is quite plausible that the region might negotiate bad FTAs that encourage destructive economic activity on the part of those firms that are subsequently encouraged to locate productive processes in the region as part of a GVC. So, the agenda for developing capacity in this area has to be undertaken in a strategic way. It can only be successful if it is predicated on a re-conceptualisation and creation of a shared understanding of the kind of development that we want to see in the region, along with the forceful shaping of both local and global economic processes, as far as is possible, to serve that broader development.

But is such a strategic approach possible? The missing link, as ever, is the State. Given that both the positives and negatives of all contemporary global phenomena – whether globalisation itself, the global crisis, or the power that is deployed by key actors within GVCs – are distributed unevenly, the Caribbean cannot leave its engagement with these forces to chance. There has to be a long overdue rediscovery of initiative on the part of public institutions, whether domestic or regional, something Anthony Payne suggested a few years ago

could be encapsulated in the idea of a region-wide ‘developmental state’ loosely modelled on those that generated the East Asian ‘miracles’ in the 1970s.⁴² The problem, unfortunately, is that too many in the region are still wedded to 1980s Washington Consensus orthodoxy, in which the state is seen as a deficient, outmoded institution, and the ‘private sector’ is expected to deliver growth and rising living standards. The fact that this has not happened – growth throughout the region has been consistently disappointing since long before the global crisis – suggests that this idea is fanciful.

Conclusion: markets serve development only if forced to do so

And why should we expect it to be anything else? The trite orthodoxies that have been passed down from Washington and Brussels over the years are intrinsically products of often-flawed ideology, and, in any case, are not easily applicable to the Caribbean context. As many of the radicals that I discussed in the introduction have long argued – in the intellectual tradition laid down by the New World Group – the regional private sector is inherently risk-averse, and conditioned, on account of long-ingrained historical legacies, to favour safe *rentier* import-export activity rather than the kind of productive investment that generates meaningful development but which is inherently more risky.⁴³ As such, without the kind of effective State intervention to shape the context in which private actors behave – something that Caribbean governments, which have often become victims of ‘regulatory capture’ by these elite interests, are loath to undertake – it should come as no surprise that they will continue to reproduce these existing ways of doing things which suck out precious foreign exchange, crowd out productive investment, and contribute to depressed growth. In sum, not only has no country ever developed under conditions of genuinely free trade, none has ever done so without some kind of activist, interventionist state. Today, all of those countries that are enjoying rapid growth and development, whether they are from the traditional ‘North’ or ‘South’, are doing so with just these kinds of penetrating institutions. Of course, countries as disparate as China, Brazil and India, as well as smaller countries like Malta, Singapore or Mauritius, are certainly globalising themselves, and working hard to find their niches and positions along the different GVCs that exist, with some of their firms – particularly in the larger countries – even controlling them. But they are not doing so in a passive way. Globalisation is not happening to them: they are rather seeking to construct and sculpt the context in which their entrepreneurs, businesspeople and economic institutions are engaging with the world.

This is the primary lesson that Caribbean policymakers, in my view, need to take on board, and quickly. Development will never occur if it is left to either chance encounters with often-destructive global market processes that are controlled by asymmetrically powerful corporate actors, or a largely rent-seeking local private sector that has little interest in genuinely entrepreneurial activity. The Caribbean urgently needs to build purposive public institutions, at the regional level, that can shape, as effectively as possible, its engagement with the new global context by simultaneously restructuring internally and negotiating externally. This is what Mariana Mazzucato, in one of the most influential books of the past year or so, terms *The Entrepreneurial State*.⁴⁴ It should be required reading for everyone in the region.

Notes

- ¹ This paper is a revised version of a recent editorial in the *Caribbean Journal of International Relations & Diplomacy*. The original reference for that source is: Matthew Louis Bishop, 'Editorial: The Caribbean Amidst New Regional and Global Dynamics', *Caribbean Journal of International Relations & Diplomacy*, Vol. 2, No. 4, 2014, pp.1-21.
- ² Norman Girvan, 'Are Caribbean Countries Facing Existential Threats?', published on Norman Girvan's Blog, 2nd November 2010. Available at: <http://www.normangirvan.info/girvan-existential-threats/>
- ³ Anthony Payne, *The Global Politics of Unequal Development* (Basingstoke: Palgrave Macmillan, 2005), p.41.
- ⁴ I have discussed this at some length in the following book: Matthew Louis Bishop, *The Political Economy of Caribbean Development* (Basingstoke: Palgrave Macmillan, 2013).
- ⁵ For a fascinating insider's account, see Richard Bernal, *Globalization, Trade, and Economic Development: The CARIFORUM-EU Economic Partnership Agreement* (New York: Palgrave Macmillan, 2013); and for a review of both sides of the debate that describes the two opposing positions, see Matthew Louis Bishop, Tony Heron and Anthony Payne, 'Caribbean Development Alternatives and the European Union-CARIFORUM Economic Partnership Agreement', *Journal of International Relations and Development*, Vol. 16, No. 1, 2013, pp.82-110.
- ⁶ Robert Cox, 'Social Forces, States and World Orders: Beyond International Relations Theory', *Millennium: Journal of International Studies*, Vol. 10, No. 2, 1981, pp.126-155.
- ⁷ One example that is often mentioned by those working in the debt arena is that of Iraq, which, after the 2003 invasion, was essentially granted full debt relief by the international community. Others have noted how Iceland's spectacular banking collapse and defaults were treated in highly unorthodox and favourable ways by the IMF: see Silla Sigurgeirsdóttir & Robert H. Wade, 'From control by capital to control of capital: Iceland's boom and bust, and the IMF's unorthodox rescue package', *Review of International Political Economy*, Vol. 22, No. 1, 2015, pp.103-133. It barely needs saying, of course, that countries like Jamaica (or Greece) have not received similar munificence, partly, I would suggest, on account of the fact that the legitimacy of existing frames of reference – i.e. the necessity of austerity – have not been successfully challenged, because of the dominance of a 'problem-solving' approach in the Caribbean which sees debt mountains in the region as purely a technical issue requiring technical solutions.
- ⁸ For excellent discussions of why neoliberalism is not – and never has been – about 'free' markets, but rather the restructuring of the state and public spaces (including our mental spaces) to serve particular forms of corporate organization, see, *inter alia*: David Harvey, *A Short History of Neoliberalism* (Oxford: Oxford University Press, 2007); Philip G. Cerny, *Rethinking World Politics* (Oxford: Oxford University Press, 2010), especially Chapter 7 'Embedding Neoliberalism: The Evolution of a Hegemonic Paradigm'; Jamie Peck, *Constructions of Neoliberal Reason* (Oxford: Oxford University Press, 2010).
- ⁹ See Colin Hay, 'The "dangerous obsession" with cost competitiveness ... and the not so dangerous obsession with competitiveness', *Cambridge Journal of Economics*, Vol. 36, No. 2, 2012, pp.463-480.
- ¹⁰ In a recent editorial of the CJIRD, I discussed Norman's distinctive contribution to the Caribbean development debate: Matthew L. Bishop, 'Editorial', *Caribbean Journal of International Relations & Diplomacy*, Vol. 2, No. 1, 2014, pp.1-11; this was followed up by an extensive set of memoirs written by people who knew him well in the subsequent issue: Various Contributors, 'Norman Girvan: In Memoriam', *Caribbean Journal of International Relations & Diplomacy*, Vol. 2, No. 2, 2014, pp.91-133.

- 11 For an early example, see Anthony Payne, 'Whither CARICOM? The Performance and Prospects of Caribbean Integration in the 1980s', *International Journal*, Vol. 40, No. 2, 1985, pp.207-228.
- 12 Cox (1981).
- 13 For a detailed analysis of Rose Hall and its wider implications, see Matthew L. Bishop and Anthony Payne, 'Caribbean Regional Governance and the Sovereignty/Statehood Problem', *CIGI Caribbean Paper No. 8*, Centre for International Governance Innovation, Waterloo, Canada, 2010.
https://www.cigionline.org/sites/default/files/caribbean_paper_8_0.pdf
- 14 P. J. Patterson, 'A Cri de Coeur for CARICOM: Lest we Wither on the Vine', *Caribbean Journal of International Relations & Diplomacy*, Vol. 1, No. 2, 2013, pp.75-86.
- 15 Matthew Louis Bishop, 'Whither CARICOM?' in W. Andy Knight, Hamid Ghany and Julián Castro-Rea (eds), *Re-Mapping the Americas: Trends in Region-Making*, London: Ashgate, 2014, pp.185-202.
- 16 For a recent discussion of Doha and its wider implications, see Valbona Muzaka and Matthew Louis Bishop, 'Doha Stalemate: The End of Trade Multilateralism?', *Review of International Studies*, 2014, *FirstView*. Available on CJO2014. doi:10.1017/S0260210514000266.
- 17 Tony Heron, 'Asymmetric Bargaining and Development Trade-Offs in the CARIFORUM-European Union Economic Partnership Agreement', *Review of International Political Economy*, Vol. 18, No. 3, 2011, pp.328-357; Gabriel Siles-Brügge, 'Resisting Protectionism After the Crisis: Strategic Economic Discourse and the EU-Korea Free Trade Agreement', *New Political Economy*, Vol. 16, No. 5, 2011, pp.627-653; and Tony Heron and Gabriel Siles-Brügge, 'Competitive Liberalisation and the "Global Europe" Services and Investment Agenda: Locating the Commercial Drivers of the EU-ACP Economic Partnership Agreements', *Journal of Common Market Studies*, Vol. 50, No. 2, pp.250-266.
- 18 Norman Girvan, 'Assessing Westminster in the Caribbean: Then and Now', *Commonwealth & Comparative Politics*, Vol. 53, No. 1, 2015, pp.95-107.
- 19 See Rosemarijn Hoefte, Matthew Louis Bishop and Peter Clegg, 'Still Lonely After All These Years? Contemporary Development in the "Three Guianas"', *Caribbean Studies*, Vol. 43, No. 1, 2015 (forthcoming).
- 20 Matthew Louis Bishop, Norman Girvan *et al*, 'Caribbean Regional Integration', Report by the UWI Institute of International Relations, funded by UKAid from DFID, St Augustine, Trinidad and Tobago, 2011:
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<http://www.caricom.org/Restructuring%20the%20Secretariat%20-%20Landell%20Mills%20Final%20Report.pdf>
- 22 Owen Arthur, 'Caribbean Regionalism in the Context of Economic Challenges', *Caribbean Journal of International Relations & Diplomacy*, Vol. 2, No. 4, 2014, pp.147-164.
- 23 For detailed discussion of the evolution of the global sugar trade and its implications for the Caribbean, see, *inter alia*, Ben Richardson, *Sugar: Refined Power in a Global Regime*, Basingstoke: Palgrave Macmillan, 2009; Ben Richardson, 'Restructuring the EU-ACP Sugar Regime: Out of the Strong There Came Forth Sweetness', *Review of International Political Economy*, Vol. 16, No. 4, 2009, pp.673-697; Ben Richardson and Pamela Ngwenya, 'Cut Loose in the Caribbean: Neoliberalism and the Demise of the Commonwealth Sugar Trade', *Bulletin of Latin American Research*, Vol. 32, No. 3, 2013, pp.263-278; and on preference erosion more generally, see Tony Heron, *Pathways from Preferential Trade*, Basingstoke: Palgrave Macmillan, 2014.
- 24 For a celebrated and incisive introduction to the political economy of GVCs, see Gary Gereffi, John Humphrey and Timothy Sturgeon, 'The governance of global value chains', *Review of International Political Economy*, Vol. 12, No. 1, 2005, pp.78-104; and Gary Gereffi, 'Global value chains in a post-Washington Consensus world', *Review of International Political Economy*, Vol. 21, No. 1, pp.9-37.
- 25 See, *inter alia*, Anthony Payne, 'The End of Green Gold? Comparative Development Options and Strategies in the Eastern Caribbean Banana-Producing Islands', *Studies in Comparative International Development*, Vol. 41, No. 3, 2006, pp.25-46; Anthony Payne and Paul Sutton, 'Repositioning the Caribbean within Globalisation', *CIGI Caribbean Paper No. 1*, Centre for International Governance Innovation, Waterloo, Canada, 2007:
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- 36 Muzaka and Bishop (2014).
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- 38 Kunal Sen, '"A Hard Rain's a-Gonna Fall": The Global Financial Crisis and Developing Countries', *New Political Economy*, Vol. 16, No. 3, 2011, pp.399-413.
- 39 Nicola Phillips, 'Global Value Chains: Why the Fuss?', *SPERI Comment*, Sheffield Political Economy Research Institute, 21st August 2013: <http://speri.dept.shef.ac.uk/2013/08/21/global-chains-fuss/>
- 40 *Ibid.*
- 41 John Ravenhill, 'Global Value Chains and Development', *Review of International Political Economy*, Vol. 21, No. 1, 2014, pp.264-274.
- 42 Anthony Payne, 'The Missed Opportunity: Building a CARICOM Developmental State', *The Brown Journal of World Affairs*, Vol. 16, No. 1, 2009, pp.137-149.
- 43 For an excellent discussion, see Marshall (2002).
- 44 Mariana Mazzucato, *The Entrepreneurial State: Debunking Public vs Private-Sector Myths*, London: Anthem, 2013.

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