

Keynote Address by Professor Amitav Acharya to The Forum on the Future of the Caribbean, Trinidad and Tobago, 6th May 2015.

Madame Prime Minister Kamla Persad-Bissessar, Prime Minister of the Republic of Trinidad and Tobago, Honorable Prime Ministers, Foreign Ministers, distinguished senior officials, participants, Ladies and Gentlemen.

It is my great honor to be with you today to speak at the Forum on the Future of the Caribbean. Although you have chosen me to be the keynote speaker, I may be the least knowledgeable person in this room when it comes to Caribbean affairs. I bring in an outsider's perspective. As a student of global affairs and the author of a recent book on the changing world order, which seems to be doing rather well around the world, I am here to offer some reflections on where the Caribbean fits in and how it can position itself in a rapidly and fundamentally changing world situation.

The unipolar moment dominated by the US is over. The international order which gave the US a position of hegemony, what I call the American World Order is fading. The emerging world order is not a multipolar world, as many describe it. I would call it a Multiplex World, very different from multipolar world like Europe before World War II. A Multiplex World has four features:

- First, the Mutliplex World is like a multiplex cinema. Instead of showing one movie, it shows several with different scripts, actors, producers, directors. The audience has a choice. In today's world, instead of just one superpower, or a handful of great powers calling the shots (as during European multipolarity), a multiplex world has multiple actors. Order is shaped by are not just the great powers or even states, but also international organizations, non-governmental organizations, transnational social movements, multinational corporations, and even terrorist networks, such as ISIS and Al Qaeda.
- Second, a Multiplex World is marked by complex global interdependence. This interdependence is based not only on trade, but also finance, production networks, environment, disease, human rights, social media, etc. Such issues link countries in different parts of the world in a way and to a degree never seen before in human history, including in the age of empires.
- Third, a Multiplex World has multiple layers of governance: global, inter-regional, regional, domestic, cities, etc. I would especially highlight the role of regionalism and regional governance.
- Finally, a Multiplex World is a decentered world. Its non-hegemonic. For the first time in 200 years, there will be no global hegemon, like the UK and the US. In fact, we may never have a world with a single hegemonic

power. It's a world where, to use the language of Star Trek, "no one has gone before".

In a Multiplex World, power will increasingly shift from the West to the Rest. We have already seen plenty of signs of this. According to UNDP's Human Development Report, 2013, aptly titled: The Rise of the South: Human Progress in a Diverse World, the combined GDP of China, Brazil and India—the three leading economies of the developing world—now about equals the combined GDP of the six major industrial nations of the West—US, Germany, UK, France, Canada, and Italy.

The US government (Department of Agriculture) estimates that by 2030, using conventional method of calculating GDP at current prices, China and India will become the second and third largest economies of the world. The US will be barely ahead of China. But using purchasing power parity (PPP) calculations, China may have already become the world's largest economy. According to a recent OECD survey, China and India could account for 46% of the world's GDP by 2060, more than all the current OECD members combined.

What is more interesting is that there is also evidence of a more general "rise of the South". According to the UNDP Human Development Report 2013, the South has increased its share of the global output from one-third in 1990 to about half now. Developing countries increased their share of world merchandise trade from 25% in 1980 to 47% in 2010. And South-South trade has jumped from less than 8% of world merchandise trade in 1980 to over 26% in 2011. There has also been a marked success in extreme poverty reduction (below \$1.25 per day): Brazil from 17.2% to 6.1% in 2009, China from 60.2% in 1990 to 13.1% in 2008, India from 49.4% in 1990 to 32.7% in 2010.

Is the Caribbean positioning itself to adjust and respond to these profound global shifts? I am not so sure. The idea of Caribbean Convergence proposed by the Foreign Minister of Trinidad and Tabago is a very timely idea, and it's realization is possible, but it needs to address the new realities of the world.

You have asked me to be disruptive. But disruptive thinking does not mean impractical thinking. Communism was the most disruptive ideology of the past two centuries. But it failed because it could not provide practical solutions to our problems.

So the ideas I am going to put forward are both disruptive and practical in the Caribbean context. Please forgive me if some of them disturb you or challenge prevailing wisdom and policies too much, because that is precisely what I have been asked to do.

With this, let me present five ideas.

The first idea is moving beyond the small state mindset and embracing the developmental state model.

Until now, the Caribbean countries have positioned themselves as small states and emphasized the twin concepts of vulnerability and resilience. These remain important but they should move beyond the small state mindset. The small state discourse came about when people lived in the world or predatory great powers, such as Europe before World War II, or the Cold War. State sovereignty is a firmly established principle now, and the only way small states can collapse is through internal misgovernance. On the other hand, the Multiplex World offer many opportunities for small states to become smart developmental states.

The idea of developmental state initially emerged in East Asia. But it is now applied to others, including some states in Africa. Such a state gives priority to sustainable economic development, rather than rent-seeking. Through careful regulation and planning, industrial policy, partnership with the private sector, a state takes policy measures to develop the economy. It does not mean giving unlimited license to domestic or foreign corporations to exploit the people, but regulating them to adhere to nationally determined standards for wages, labor conditions, and taxes. It places strong emphasis on technical education. A developmental state embraces performance legitimacy.

A developmental state need not be an authoritarian state, as in the case of the initial Asian tiger economies. As the case of South Korea, Taiwan, and now Indonesia and the Philippines shows, democracy and development can go hand in hand. So the leaders and peoples of the Caribbean democracies need not be afraid of the developmental state. Trinidad and Tobago has all the markings of a nascent developmental state, but it is also a vibrant democracy.

A second idea is enhancing economic interdependence through production networks and developmental regionalism.

Most people associate regional integration with trade liberalization. This is a narrow view.

Another approach to regional integration, one pioneered in East Asia, is production networks. A production network does not imply one company from a Caribbean nation setting up factories in other Caribbean countries. It also means encouraging corporations to locate the production of a single product in several Caribbean locations.

East Asia has the most extensive phenomenon of production networks. According to an Asian Development Bank study, in 2006/07, exports within production networks accounted for over 60.3% of total manufacturing trade in East Asia, and production network exports accounted for 66% of total manufacturing exports in ASEAN. The East Asian experience shows that international production networks differ from simple hosting of exporting multinationals and that such networks gradually lead to involvement of local firms and entrepreneurs.

Another form of regional economic cooperation is developmental regionalism. This involves the creation of better development opportunities through joint infrastructure development, better transport and communications links. Developmental regionalism also involves undertaking selective and staggered market integration policies that allows less developed members of a group more time to protect and develop specific national industries to achieve better competitiveness before they become fully part of a free trade area.

The Caribbean nations should broaden their approach to regionalism by adopting policies to create regional production networks and practice developmental regionalism.

The Caribbean should also explore multilateral trade and investment agreements with the emerging powers, especially China. According to a 2012 Report by the Economic Commission for Latin America and the Caribbean, China could displace the European Union as the region's second largest trading partner in the middle of the coming decade. The report also notes that China helped to bolster the region's exports during the financial crisis. As the Report says, "the region's rapid recovery from the crisis were due to its increasing links with the Asia and the Pacific region, and China in particular." "China's great importance in world trade and its (still) low level of trade with Latin America and the Caribbean represent challenges and, at the same time, major opportunities for the region." A multilateral agreement will allow Caribbean nations to both stimulate Chinese trade and investments in the region, but also to regulate some of its problematic aspects.

A third idea is Cooperative Security.

Traditionally, small states have chosen from two main foreign policy orientations. One is alignment with a big power. The other is non-alignment. In a Multiplex World, the best foreign policy for most countries is multi-alignment.

A world of established and emerging powers requires a foreign policy of inclusiveness. Such an approach is also known as cooperative security, which is founded upon the principle of 'security with', rather than 'security against', of inclusion rather than exclusion.

In the Caribbean context, a policy of cooperative security with the big powers must be based on a new initiative over and above the CARICOM or the ACS. This would involve the development of a forum, to be called the Caribbean Global Forum that includes all the Caribbean countries and all the main players of the international system, including the US, EU, China, Japan, India, Brazil, Russia.

The Caribbean Global Forum should include the Dominican Republic and Cuba. The reasons are too obvious. Caribbean countries should draw strength from the Dominican Republic and proactively prepare for the opening up of Cuba. The time for doing this is now.

Such a forum could meet annually at the foreign ministers' level and it should meet only in the Caribbean, not in Washington, Beijing or Brussels. The agenda of this meeting should be set by the Caribbean countries. The Forum is to be conceived as a dialogue, rather than as an institution in the formal sense. Its key goal would be reduce uncertainty and create predictability at a time of profound regional and global change. The first sitting of the Caribbean Global Forum should be here in Trinidad and Tobago, which should not shy away from assuming a leadership role in developing this forum.

What might be the issues to be covered by this meeting? The key objective would be to discuss the impact of global changes on the Caribbean and the response of the Caribbean to the changing global environment. What are the implications of the global power shift for the Caribbean? Some of these changes with potentially serious consequences (and opportunities) for the Caribbean include the emergence of new trade blocs, the Trans-Pacific Partnership, Transatlantic Trade and Investment Partnership and the Pacific Alliance at a time of continuing impasse at the WTO. Also important are the emergence of parallel global and regional institutions like the BRICS Bank and the Asian Infrastructure Investment Bank. The forum should also discuss the regional and global implications such as the potential opening up of Cuba, and non-traditional security issues such as transnational crime, terrorism and the security implications of climate change (including its impact on natural disasters). Another important issue would be improving connectivity within the Caribbean and between the Caribbean and rest of the world.

A Caribbean Global Forum will allow the countries of the region to position themselves collectively on the world stage, avoid getting caught up in the

rivalries among the big powers, or side with one against the other. It will be consistent with, and step towards, the idea of Caribbean Convergence put forward by Trinidad and Tobago.

A fourth idea concerns reform and strengthening of Caribbean regional institutions.

Until now, the European Union has been regarded as the ideal type of all successful efforts at regional integration. In other words, to be judged successful, regional groups in other parts of the world must look and operate like the way the EU does. This myth has been perpetuated by the EU itself, whose inter-regional partnership agreements often try, directly or indirectly, to impose the EU model and pathway to regional integration.

I have not found many places where the EU or its predecessors' EEC' model actually fits the local context. In exporting its regionalism through development partnerships, the EU often adopts a 'one-size-fits-all approach' – a linear, teleological view that integration is best advanced through functional and political spill-over. This has unintended consequences: new supranational institutions are created that simply do not work. The EU is a highly legalistic institution and its model lacks flexibility in advancing regional integration in different parts of the world. Excessive dependence on EU aid may also harm the Caribbean's own plans for regional integration. Moreover, the EU model is facing serious crisis within Europe itself.

In the meantime, alternative pathways to the EU model have emerged, especially in East and Southeast Asia, where regionalism is more informal, market-driven and anchored on production networks. For example, the EU has a budget of about 140 billion and a diplomatic corps of its own. ASEAN has a budget of 16 million and a Secretariat staff less than 200. While the Caribbean nations have signed an Economic Partnership Agreement with the EU, and the OECS has created some institutions that have some autonomy and ability to take the initiative in some areas of policy, the Caribbean countries should not blindly copy the EU's institutional model, but look to these other forms, such as ASEAN.

Some alternative to EU-style bureaucratic and supranational institutions is "networked regionalism", which involves deeper and continuous communication and coordination between national and regional agencies. The Caribbean and CARICOM should give more consideration to networked secretariats of its regional bodies. Another concept is participatory regionalism which calls for engagement of NGOs and civil society networks in developing regional

cooperation projects. This would make Caribbean regionalism less elitist and top-down, and increase support for its key initiatives and projects.

A fifth idea is to nurture a common regional identity and shared leadership.

Many studies have shown that successful regionalism requires a common identity. Does the Caribbean have a common identity? Is the Caribbean actually a region? Identity and regionness are not simply a matter of geographic location or socio-cultural similarities. Like national identity, regional Identity is not a given, but can be constructed. Regions, like nations, are “imagined communities”. A common identity involves developing a “we feeling” in the region.

A regional identity can be civilizational, based on affinities in culture, religion, language, ethnicity, etc. Non-Western countries often develop a postcolonial identity, based on shared histories and legacies of colonialism.

The Prime Minister of St Vincent and the Grenedines, the Honorable Dr Eric Gonsalves, has spoken about a Caribbean civilization. Let me propose an extension of this idea. The Caribbean is a civilization of civilizations. It includes indigenous pre-Colombian civilizations, elements of the Greco-Roman civilization that came with the European colonial powers, Indian and Chinese and African civilizations, as well as the Islamic civilization, the true founder of economic globalization. What is more striking is that there is no better place in the world than the Caribbean to comprehensively debunk Samuel Huntington’s clash of civilizations. Even a cursory look at Caribbean culture, music and cuisine would suggest that far from being a clash of civilizations, it is a feast and melody of civilizations.

Last but not the least, is the idea of regional leadership. Does the Caribbean have a natural leader? If it has, who might it be? Will he or she stand up? I suspect no Caribbean nation wants to play the role of leader.

In resolving this issue, one should keep in mind that power, especially physical power is not the same as leadership. And leadership need not be singular, but plural. Leadership can be shared. In ASEAN, which is considered to be one of the more successful examples of regionalism in the non-Western world, there is no single leader. Indonesia, the largest country, usually leads in the political-security arena. Singapore, the richest economy, leads on issues of regional economic cooperation Philippines, a democracy with a strong domestic civil society, leads on issues of socio-cultural cooperation. In reality though, any member country can lead ASEAN depending on the issue and context. So

countries of the Caribbean should not be afraid to lead, they should lead in different areas. Leadership can be shared between stronger and weaker nations, between rich and poorer countries.

I have now outlined a few ideas for reinventing Caribbean regionalism.

Some of them are more disruptive than others. But all are eminently doable, or practical given the region's current resources. We need further elaboration of each of these areas to have a proper discussion and debate. But I am confident that these ideas, if pursued seriously, will lead to the successful reinvention and strengthening of Caribbean regionalism and Caribbean regional identity. Thank you very much for giving me the opportunity to share them with you. And thank you for your attention.

Addendum (Take out of the address due to lack of time):

A Caribbean Human Security Center

The success of regional organizations is often spurred by a common threat. But this need not be an external military threat. The danger of inter-state war or external aggression against a Caribbean nation is too minimal although this does not mean they should abolish their armed forces. Rather the key threats to the region are non-traditional security threats or threats to human security, which can also spur regional cooperation. Many threats today are "intermestic": they affect both domestic and external security of countries.

Human Security is not a new concept in the Caribbean. What is often not realized is that the concept of human security is not something that the West is imposing on the Rest. The idea did not originate come from the West. It came from the Global South, from the unlikely combination of a Pakistani, Mahbub ul Haq and an Indian Amartya Sen, both economists. Human security involves both freedom from fear and freedom from want. It involves reducing poverty, enhancing capacity in education and health, as well as reducing threats such as crime, drug trafficking, money laundering, terrorism, people-smuggling. The UNDP's Caribbean Human Development Report, 2012 offers an excellent survey of the range of human security threats facing the region, which should become the basis of both national responses and regional cooperation.

The UNDP Report noted that 48 percent of respondents to the Citizen Security Survey 2010 had worried at some time about becoming victims of crime. The

report has clearly articulated the relationship between crime and underdevelopment. As it puts it, “Crime, particularly violent crime...erodes confidence in the future development of countries, reduces the competitiveness of existing industries and services by, for example, imposing burdensome security costs, and may negatively alter the investment climate.”

There is already a good deal of progress in regional cooperation against such threats, especially against crime and disaster management. Similar agencies could be created in other areas such as pandemics, and maritime threats. The creation of a regional human security monitoring and implementation center could be a useful step in this direction. Ultimately, the goal of the Caribbean countries should be to create a Caribbean Security Community where not only inter-state conflicts are “unthinkable”, but also where transnational threats met with a firm and collective response.