

Why Regional Integration Benefits

What Is Regional Integration?

In 1965 Sir Arthur Lewis wrote, “*These islands did not start on the federal road in a fit of idleness. They started because it was clear that a Federation is the only possible solution of their problems.*” To better understand what Sir Arthur meant, we must first define the term regional integration. Although this term has been in existence for a long time, a precise definition is not easy to formulate. Generally it refers to the unification of nation states into a larger whole. On one hand, regional integration can be described as a dynamic process that entails a country’s willingness to share or unify into a larger whole. The degree to which it shares and what it shares determines the level of integration. There are different degrees of integration depending on predefined criteria.

On the other hand, regional integration also refers to an outcome, occurring when pre set criteria are met. For example, if the criterion for the establishment of the Organisation of Eastern Caribbean States was only the establishment of a Central Bank, then it could be said that we have achieved integration. However, there are many other aspects to the Treaty of Basseterre. When political leaders call for the deepening of integration, they must recall the measures on which they previously agreed and then specify the next set of measures

Regional integration involves some compromise on the part of nation states, but should enhance the general quality of life for the citizens of those states. The OECS member states have also had the longest and most sustained engagement with regional integration. At times when the other Caribbean islands have not seen the movement to be in their best national interest, they have withdrawn. The OECS members have however moved ahead to forge their own identity and have received many benefits from those efforts.

Why Did The Members Of The OECS Region Agree To Regional Integration?

For many decades the British had been experimenting with administrative centralisation of the sugar producing colonies in the Leeward Islands and later with the Windward Islands. These attempts at unification were primarily for the sake of administrative efficiency and

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economy. They believed that governing the islands from one centre would ensure less spending and a smaller civil service.

Ownership of the process of regional integration by the islands came with the emergence of nationalist thoughts and the growth of the labour movement. There was recognition that integration would lead to development, and with that realisation the integration movement, though it has faltered, has been a persistent feature of the economic, political and social landscape of the region for more than a century.

The thinking behind the pursuit of regional integration as a developmental path was the fear that small islands could not survive on their own because of the high costs associated with providing all the functions of government. This was also compounded by the fear that these islands could not face the rising challenges of competition brought on by increasing globalisation. For these reasons, the focus of regional integration has been on functional cooperation with an emphasis on the economic aspects. This would be pursued in two ways. Firstly, through the economies of scale afforded by harmonisation on common external services. Secondly, through the establishment of common infrastructure that would transcend national interests. The aim was to foster deeper integration among member states while at the same time ensure the widening of the movement regionally and internationally. This has included pursuing a monetary union in the OECS, joint missions overseas and a free trade area.

At various times other issues have taken precedence over regional integration. This was the case when most islands were pursuing independence. The governments concentrated on national issues as they recognised that “integration does not constitute an entire development policy by itself, but should be considered as one possible element of an overall policy which a country may choose, as providing the institutional and political framework for the pursuit of a number of other development policies in co-operation with partner countries in a regional context.” Yet, they have come to the realisation that regional integration is important for their survival both regionally and internationally.

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The reason informing the creation of an OECS region was the need to provide services that could be performed more efficiently at a decentralised level so that members could focus on building national capacity elsewhere. Through the removal of duplication, the utilisation of scarce human resources at the technical level would ensure the efficiency envisaged in the Treaty.

Perceptions of the Eastern Caribbean territories as ill equipped to assume internal administration, as poor and dependent, and most of all, as countries that could not contribute to the integration of the wider Caribbean, have served a catalyst to get them focused on putting their own business in order. They can therefore now have a stronger voice within the wider integration movement.

What Are Some Of The Gains Of Regional Integration?

In 1965 Sir Arthur Lewis advised that “... *a common nationality, a common currency and common representation abroad*” would enable these islands to speak with a single voice.” The OECS territories started by putting these functional areas in place and have reaped the associated benefits. Some of the gains are as follows:

Institutional Building and Strengthening

It was with this vision of its own destiny that the Organisation of Eastern Caribbean States set up the OECS Court of Appeal, the Eastern Caribbean Central Bank and the OECS Secretariat. These supranational institutions were all designed to facilitate good governance. They were also aimed at achieving efficiency gains through the enhancement of the commitment to harmonisation and integration, protection of the integrity of the region; reduction in transaction costs through the provision of common services, and effective use of scarce human resources.

Coordination of economic and social policy

The mandate of economic and social development for all members is implicit in the Treaty of Basseterre. To give support to this area, the Treaty entrusted the care of this function to the Economic Affairs Committee; soon to be renamed the Economic and Social Affairs

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Committee. This newly reconstituted committee will oversee the economic development of the Eastern Caribbean currency union and ensure that it translates into social development.

Some of the areas where gains have been realised include the following:

- Joint supervision of the banking and financial sectors.
- Cost-sharing on regional projects such as the regional drug service.
- Joint development of financial and capital markets.
- Pooling of technical expertise.
- Joint representation at international conferences and meetings.
- A stable financial region.
- A regional regulatory framework.

Harmonisation of External Relations

Another focus of integration is the maximisation of the benefits internationally. For this reason there are joint overseas missions and embassies. In addition, the territories are included in the Regional Negotiating Machinery at the CARICOM level, which speaks with one voice on trade issues for the region.

Governance

A very important aspect of regional integration is how it becomes accountable to the people of the region. A structure has been put in place with the OECS Authority being the highest decision making body in the region. The OECS Authority consists of heads of government all the member states. It meets twice a year to make joint decisions on development.

There is a move towards community governance and participation aimed at ensuring that all citizens will be allowed to take responsibility for the continued evolution of the integration movement. National issues will become sub-regional issues and the benefits of regionalism will become more tangible at the national level. No longer will interests at the national level be seen as competing with those at the regional level or vice versa. Such a move is necessary to ensure that those issues considered as important in the smallest Member State of the OECS, will be articulated within the wider regional framework of CARICOM and resounded

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globally. We can only achieve governance capacity if the erected structures can accommodate the representation of the views of all its citizens.

Conclusion

Regional integration has proven to be a very good development path for the member states of the OECS. To a great extent regionalism has focused on economic management of the islands, but its benefits can be seen in other areas. We have been able to speak with one voice at the level of CARICOM and at the international level. We have proven that by joining together in a number of areas, there can be gains that we would not have achieved on our own. Regionalism has contributed to the development and sustainability of our democratic system of government. It has also been responsible for our economic growth and stability. This stability has spared much of the social strife associated with unstable economies. The steps towards deepening regional integration, with the introduction of freedom of movement, will only make our region stronger as we face the future.

Submitted by Dr. June Soomer, Adviser, Strategic Policy and Planning Department, ECCB, as part of the Eastern Caribbean Currency Union's Financial Literacy Month Programme Oct. 2003 - "Building Strong Economies Depends on You and Me")