

CARIB/INT 79/7

Distribution: Restricted

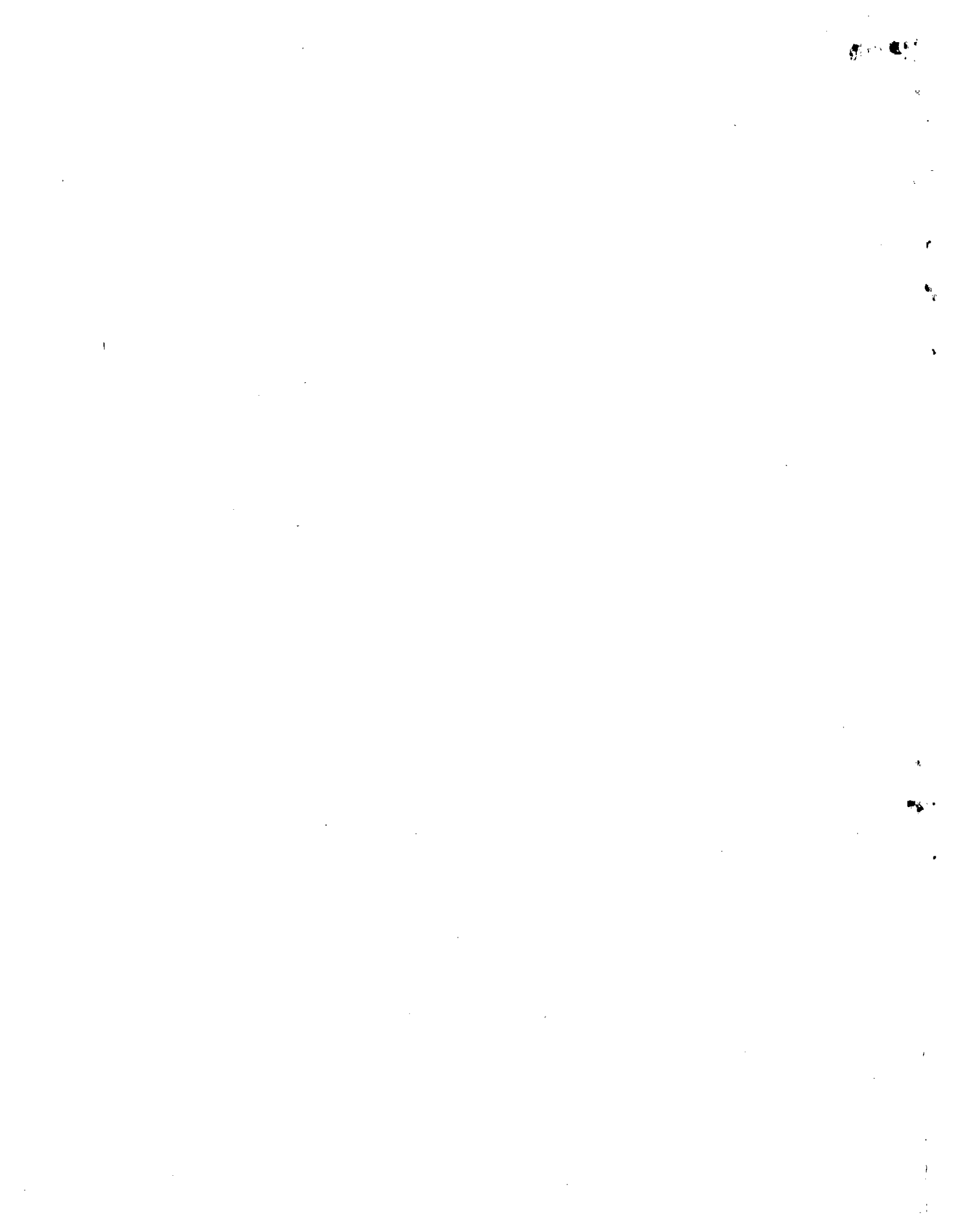
Date: 16 July 1979

ECONOMIC COMMISSION FOR LATIN AMERICA
Office for the Caribbean



INTER-GOVERNMENTAL REORGANIZATION
IN THE
EASTERN CARIBBEAN

Prepared
by
S. St. A. Clarke
Director



INTER-GOVERNMENTAL REORGANIZATION
IN THE
EASTERN CARIBBEAN

Background

Between themselves the governments of the East Caribbean States^{1/} have operated an integration/co-ordination system for the last twelve years based on the East Caribbean Common Market (ECCM)^{2/} and the West Indies Associated States (WISA)^{3/} arrangements. The former was postulated as an integrated common market covering a wide range of economic activities, with a Secretariat based at Antigua and with the ECCM Council of Ministers as its supreme body. The latter, also under a Council of Ministers and with a Secretariat based at St.Lucia, was oriented to harmonising the views of the States on those matters which remained in the jurisdiction of the metropolitan country under the terms of their Constitutions as Associated States to the United Kingdom; these matters were mainly constitutional and political in the broad fields of external relations and defence.

These two primary institutions have been supplemented by other functional co-operation arrangements - the East Caribbean Currency Authority (ECCA)^{4/}, the Supreme Court of the West Indies Associated States^{5/},

1/ Antigua, Dominica, Grenada, Montserrat, St.Kitts-Nevis-Anguilla, St.Lucia, St.Vincent.

2/ The ECCM agreement, drafted by ECLA Office for the Caribbean in close collaboration with the Governments, was signed and came into force July 1969.

3/ The WISA as the successor body to the Regional Council of Ministers is a more informal arrangement in that it is not based on signature and ratification by national legislations. However, in its actual operation its ministerial decisions have tended to be more binding on individual members than decisions taken by the ECCM Council.

4/ The East Caribbean Currency Authority (ECCA) was established under the terms of the East Caribbean Currency Agreement of 18 January 1965 with responsibility for the issue and management of the East Caribbean Currency (dollar). The general powers of the Authority are detailed at Part V of the Agreement.

5/ The High Court and the Court of Appeal with a Chief Justice and other Judges appointed by a common Judicial and Legal Services Commission constitute the Supreme Court of the West Indies Associated States.

the Civil Aviation Directorate,^{6/} and the Joint Diplomatic Commissions (London and Montreal), whose origins can be traced back to the defunct West Indies Federation.

This complex of institutions was geared primarily to meet the needs of the countries within their constitutional framework as semi-independent states. The achievement of constitutional independence of some of the Associated States ^{7/} and the pending emergence to independence of the others, necessitated a reappraisal of the machinery for co-operation and integration. With independence and each state assuming responsibility for the functions that resided with the metropolitan country, there comes also the need for an extended range of decision-making and additional administrative machinery, particularly in regard to external and international relations.

The new arrangements being formulated are therefore based on the principle of an inter-governmental organization comprised of independent states, with its supreme body at the level of Heads of Government, the scope of its activities more comprehensive, and the arrangement more formalised to conform with international practice. Both the WISA and the ECCM as independent bodies would disappear, to be replaced by an Organization of Eastern Caribbean States (OECS), within which there would to be, at Ministerial levels, a Foreign Affairs Committee and an Economic Affairs Committee, the whole structure served by a central Secretariat of which the present ECCM Secretariat becomes the economic affairs division.

This general formula has already been accepted in principle by all the governments concerned, and the draft treaty is now in its final stages of completion.

The Organization of Eastern Caribbean States

The Treaty for establishing the OECS is based primarily on the principle of "uniting their efforts and resources, and establishing and strengthening

^{6/} The Directorate of Civil Aviation for the Windwards and Leewards was established in 1957.

^{7/} Independence attained: Grenada 7 February 1974; Dominica 3 November 1978; St. Lucia 22 February 1979.

common institutions which could serve to increase their bargaining power as regards third countries or groupings of countries". Central to this principle is a need to minimize administrative overheads in external relations.

The membership would be the same as it had been for WISA, with the independent countries designated as full members, and the others participating to the extent that their constitutional competence would permit. Accordingly, an underlying premise is that the non-independent Eastern Caribbean States will proceed to independence as rapidly as circumstances permit.

The scope of activities for the OECS put the main emphasis on the pursuit of joint policies in the fields of: external political relations and representation, external economic relations (including international trade agreements, marketing of goods, tourism, transport, communications) external financial and technical assistance, and economic integration among the member states. This is supplemented by common action in a wide range of functional areas,^{8/} which cover many of the key areas of central government. Organizationally this means joint overseas missions on the external side, and a range of common services among the states themselves, underpinned by the economic integration mechanisms.

Organizational Structure

The Authority of Heads of Government would be the supreme policy-making institution of the organization, consisting of the participating states with the competence to deal with the matters under consideration. General direction would be by decisions of the Authority which would be binding on the Member States and on the institutions of the OECS, and recommendations or directives as deemed necessary for smooth functioning of the whole range of co-operation processes. In addition, the Authority would be the final authority for the conclusion of treaties or other international agreements on behalf of the OECS with other organizations and third countries.

^{8/} The areas of common action include: The Judiciary; Currency and Central Banking; Audit; Statistics; Income Tax administrations; Customs and Excise administration; Tertiary Education including University, Scientific, technical and cultural co-operation, Mutual Defence and Security.

The Foreign Affairs Committee responsible to the Authority and comprised of Foreign Ministers of the competent states, would have responsibility for the progressive development of foreign policy and general direction of the executive functions of the OECS in foreign affairs acting through a Commissioner General. Decisions and directives of the Foreign Affairs Committee would be binding on all subordinate institutions of the OECS unless otherwise determined by the Authority.

Similarly the Economic Affairs Committee would consist of economic Ministers of competent states, and have responsibility for directing and implementing the East Caribbean Common Market Agreement. In effect this committee replaces the ECCM Council of Ministers, and the ECCM Agreement becomes an integral part of the Treaty establishing the OECS.

The Central Secretariat would be the principal institution responsible for the general administration of the OECS, headed by the Commissioner General (CG). The CG as chief executive would be responsible in particular for the co-ordination of foreign policy and the conduct of international relations. In addition there would be a Director General who would be the chief administrative officer of the OECS, who would be responsible to and through the Commissioner General to the Authority.

The Commissioner General (with Cabinet Minister rank) would take precedence over the Heads of Overseas Diplomatic Missions, who would be appointed by the member states to the joint overseas missions and representations. The Director General would be responsible for the appointment of other staff of the OECS and the overseas missions.

The budgets of the joint missions and overseas representations would form an integral part of the budget of the Central Secretariat, which would be approved by the Authority of Heads of Government. The revenues to the budget would be contributed by the member states.

Other Provisions

Also incorporated into the OECS Treaty would be provisions for: the Settlement of Disputes; participation of member states in other arrangements which do not derogate from the OECS Treaty; relations with international organizations and third countries; privileges and immunities; setting up of the OECS institutions; signature and ratification; admission to membership, and withdrawal.

It is notable that the Treaty establishing the OECS would enter into force immediately upon receipt by the Government of St. Lucia of the second instrument of ratification from independent member countries. The general view is that Grenada and St. Lucia would take the initiating actions.

The Question of Common Services

It is implicit in the OECS framework that it is greatly predicated on a fuller development of Common Services among the East Caribbean Countries. Although this subject has been discussed from time to time over the past three years, and no final decisions have yet been taken, there are certain aspects which seem increasingly to gain currency. These are summarised below mainly to arrive at some perspective of the range of activity for which the OECS could well serve as the umbrella. Two aspects emerge in the various discussions - the consolidation and rationalization of existing common services, and the establishment and administration of new common services.

Existing Common Services

It would seem that no substantial changes are contemplated for the judicial system which consists of the Magistracies, Directors of Public Prosecution, Registrars, Attorneys-General, the High Court, the Court of Appeal and the Judicial Committee of the Privy Council.

The East Caribbean Currency Authority (ECCA) will, however, need to be strengthened and there has been consideration of whether it should be upgraded to function as a Central Bank. The countries already share a single currency, but except for some exchange control and regulation they have very little control over commercial banking and monetary policy. Membership of the countries in the IMF and the IBRD give these matters a degree of urgency. Alternative formulae have been proposed^{9/} but no final decision has been taken.

^{9/} For example Carib/Int 78/5 titled "Establishment of Centralised Financial Services for countries now comprising the West Indies Associated States".

Similarly, the Directorate of Civil Aviation will need to be strengthened to enable the OECS to fully discharge the range of functions under multi-lateral and bilateral air agreements. Up to now the functions of the Directorate have never been formally defined; but in practice it has exercised the powers that were vested in the Governors of the States under the Colonial Air Navigation Order, 1961. These include the registration of aircraft and the licensing of pilots and technicians. Consequently, the Directorate is responsible for matters of air-worthiness, conducts accident investigations, and is the main functionary for the governments on operating standards and procedures and other matters subject to the jurisdiction of ICAO.

The proposals for the OECS in the area of foreign relations are effectively that there should be a common foreign service serving all the countries. The joint representation mainly on matters of trade that has been conducted through the Commissions in the United Kingdom and Canada would be expanded into full diplomatic missions; and already the possibilities for other joint diplomatic missions at Washington and New York have been discussed. A factor in these discussions has been the representation already maintained at the United Nations and the OAS by Grenada and Dominica. The solution that seems to be emerging is that each country would designate its own Permanent Representative, all of whom could operate from the same office, and be serviced by a single cadre of supporting staff.

New Common Services

Some consideration has been given to the establishment of combined services in Audit, Statistics, Customs and Excise, Direct Taxation, Joint Importation/Joint Exportation, and Currency, Banking and Exchange Control and Insurance Supervision. The concept of combined service is that one cadre of personnel would perform the services for all the States, but that in every case the service would be subject to the control of the government in the individual State. It is not envisaged that there would necessarily be uniformity (e.g. in tax rates and charges, since there is need for the revenue structure in each state to be responsive to the local economic and financial situation). In this scheme the common service machinery would not exercise any control over its users except in so far as guidelines and procedures are laid down by the appropriate controlling body to regulate its operations.

Some other functions have been seen as requiring by their nature a 2-tier system. These include Postal Services, Economic and Fiscal Planning, Organization and Management, and various services in Agriculture. The concept here is that the national staffs would be supplemented by a regional unit comprised of specialists who would visit the islands on a regular basis to work with the national personnel. In this manner the States could benefit from a higher level of technical expertise than individually they could afford. This comes close to the ideas for pools of experts in such areas, as Education and Training, legal services, accounting services, health services, land surveying, port management and engineering where the function is seen as being of a less continuing nature.

Some related considerations

The bilateral aid donors particularly the British, have for some time (since 1975) made it clear that the establishment of common services was effectively a condition for obtaining increases in some types of assistance. Those generalised statements have taken a relatively more concrete form within the CGCED. At both sessions of the CGCED the donor countries indicated that they favoured financial and technical support for common services and pools of experts. In fact there have been some basic proposals for a ECCM/UNDP project on the general subject "Pools of Experts and Common Services".

It would be evident that the majority of the tasks that would be performed under the common services schemes are within the normal administrative and executive functions of the government of any independent country. It would seem that the establishment of such permanent and continuing functions would be an area in which the governments would be cautious about external involvement. Aside from foreigners influencing policies, there is the consideration that the regular and recurrent expenses of these services would need to be annually budgeted against the revenues of the governments, rather than depending on aid contributions.

The division of the costs of the services could pose some problems. Inevitably, each service may not be used to equal extent by each individual state. It would seem that the least contentious approach

would be for the costs of all such services to be an integral part of the Central Secretariat of the OECS. This is different from the 'tradition' that contribution of each state to each organ/institution/function is indicated separately. In terms of present considerations however, the OECS mechanism under discussion does not embrace provisions for accommodating these aspects.

The Current Political Frame

Political developments during the past twelve months in the East Caribbean have attracted more than usual attention. These islands, generally regarded as extra-conservative in the British Colonial tradition, have shown changes that were never seen as probabilities by many "Caribbeanologists". In the majority of cases the political leadership had not changed hands for more than or close on two decades.

The change of Chief Minister from the Bramble family (Father and Son) which had exercised leadership for some thirty years in Montserrat, the smallest of the islands, did not attract much attention. The decision of the electorate in Antigua to return Mr. V.C. Bird as Premier was seen as a choice to maintain the conservative mould.^{10/} Similarly, the various leadership changes as Chief Minister and later Premier from Mr. Joshua to Mr. Cato then Mr. Mitchell and back to Mr. Cato in St. Vincent were seen as realignments and readjustments among familiar politicians who had been on the scene for a considerable time. And in St. Kitts-Nevis-Anguilla the deaths of Premier Bradshaw and Premier Southwell his former deputy both within one year, bringing in Mr. Lee Moore the former Attorney General as Premier, did not portend significant changes of political posture.

However, the changes that have come in the newly independent states put a different aspect on the situation. In Grenada, the first of the islands to gain independence, the Prime Minister Sir Eric Gairy who had dominated the political scene since the 1950's was suddenly removed in

^{10/} Mr. Bird had been Chief Minister and Premier for some decade and a half, and was re-elected as Premier after a break of one term under the opposition party led by Mr. George Walter.

a coup by the Official Opposition Party. It was the first time that any government had been changed in such a manner in the English-speaking Caribbean since parliamentary procedures were instituted after World War II. That shock is still being evaluated in terms of what it might mean for Grenada, and the precedent it might be for other states in the Eastern Caribbean. In Dominica the government of Prime Minister Patrick John was nearly as suddenly pre-empted from office by the resignation of his cabinet after some weeks of clashes involving civilians, politicians and the Defence Force. And in St. Lucia the government of Prime Minister Compton was replaced by the Opposition Party at elections held four months after independence.

In just about a twelve month span there has therefore been a substantial change in the leadership of these islands, and North American observers view these changes as a significant shift to the left in the orientation of East Caribbean politics. It is very evident that the new political parties now exercising power are more socialist in their stated policies than the parties that have been replaced. It is also evident that they are concerned about widening their options beyond the traditional links with the British, the United States and Canada. Already there is seen an increase in contacts with the Spanish and French-speaking Caribbean; and particularly what is regarded as a "widening of Cuban influence into the Eastern Caribbean".^{11/}

These changes could be of significance for the framework and operations of the OECS which was a subject of discussion at the "Summit" of the new Prime Ministers of Dominica, Grenada and St. Lucia (14-15 July 1979 at St. George's, Grenada). It should be borne in mind that on the one hand there was the understanding that the OECS would come into operation on ratification by Grenada and St. Lucia; and on the other

^{11/} This needs to be seen against the background of the wider Caribbean, where Guyana and Jamaica are regarded as leftist leaning countries, and the new administration in the Dominican Republic to be more centerist than its predecessor. A further fact the North Americans do not overlook is that in 1972 Barbados, Guyana, Jamaica, Trinidad and Tobago simultaneously, by jointly agreed action, established diplomatic relations with Cuba.

such reservations as there were in the area of joint representation, were on the part of Grenada and Dominica, this latter having implications on the administrative side. In terms of international representation, there undoubtedly will be more interest in such matters as the Non-aligned Movement than there otherwise might have been; and a more deliberate approach to co-ordination of national positions in fora like the OAS and the United Nations bodies. From the economic standpoint there is likely to be a higher degree of governmental management, so that OECS initiatives on matters such as joint importations/exportations are likely to get higher priority consideration against the background of newly established bodies like the National Imports Board in Grenada. Similarly, trade with the Northern Caribbean will be viewed in a different light, with implications for many up to now largely unchallenged shibboleths - like the US economic blockade of Cuba.

An interesting aspect is the set of implications for the policies of the other countries emerging to independence in 1979 and 1980,^{12/} deriving from OECS activities pursued by the already independent states. While it cannot be expected that there would be complete agreement by all the OECS participants on all points of policy, it is inevitable that the 'founding' members will influence the directions and pattern of OECS activities.

It has to be borne in mind too that the OECS in its operations will be subject to Articles 52-54 of the United Nations Charter provisions governing Regional Arrangements. These are the same provisions that apply to such bodies as the OAS and the OAU. So that while the Eastern Caribbean states would simultaneously be members of the OECS and the OAS, the one is not subject to the other. An OECS posture would therefore have emerged before the other countries take their seats in the OAS and in the United Nations.

^{12/} Antigua, St. Kitts-Nevis-Anguilla, St. Vincent; (and possibly later Montserrat).

Summing up

A significant point can be deemed to have been reached in the inter-governmental co-ordination of the Eastern Caribbean States. The next steps will be on the basis of co-ordination among independent Sovereign States, endeavouring to achieve economies in expenditures and personnel, not only in matters of external affairs, but also in a range of 'internal' executive and administrative areas. Some elements of the mechanisms are innovative and entirely new to the field of international relations among Sovereign States.

This is taking place against a background of national political re-assessments and leadership changes, which depart from the traditional postures that were carried over from the colonial period. While the new political postures cannot be accurately defined in terms of the familiar political "isms" and "ologies", there is the identifiable feature of appeal to broad-based worker participation with more deliberate control of foreign economic participation.

The institutionalization of these new relationships through the proposed Organization of East Caribbean States (OECS), and the indicated directions of policies, suggest possibilities for higher levels of contacts and co-operation with non-CARICOM Caribbean countries, from whom these East Caribbean States have been traditionally isolated. Inevitably, in time there will be some new sets of relationships not only with other countries, but also with international institutions, particularly the United Nations System.

