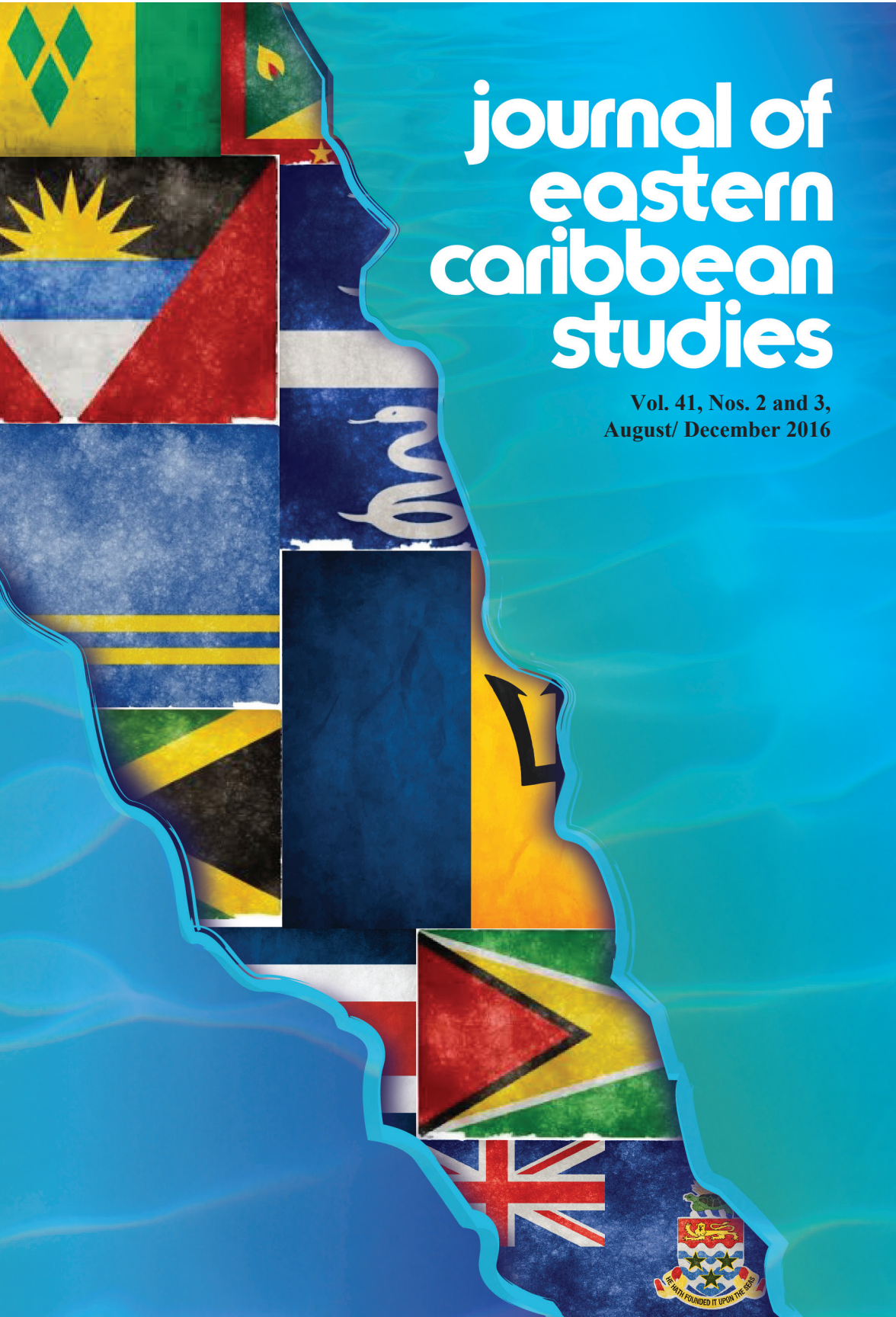


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## **Can Millennials Afford Higher Education?**

Delroy Chevers

*Mona School of Business and Management, JAMAICA*

### **Abstract**

Over the past five years, the Students' Loan Bureau (SLB) in Jamaica has been struggling to fulfil its mandate of disbursing loans to qualified students. The established government funded SLB was not equipped to handle the 153% increase in loan applications over the period 2007 to 2012. With this crisis and little change to the SLB's funding policy, many students had, and continue to seek alternative funding options. In response to this crisis, commercial banks have expanded their loan offerings. However, many commercial banks have found offering student loans, to be challenging due to the regulations that are required. Hence, the research question seeks to ascertain whether students can afford the funding options offered by commercial banks in Jamaica. Three top tier tertiary institutions that have a bachelor degree in business administration program and five major commercial banks were selected for the study. It was discovered that all the funding options provided by the commercial banks were affordable when students chose University A; two of the five options were affordable when students chose University B and none when University C was chosen. The study highlights the need for policy changes to strengthen the viability and sustainability of the SLB.

**Key Words:** Commercial banks; higher education; student loan; tertiary institution; tuition

## **Introduction**

The Students' Loan Bureau (SLB) is a government operated organisation that provides needy students with access to financial assistance for higher education in Jamaica. The SLB utilises a revolving loan scheme in which students borrow today to finance their studies and repay upon obtaining gainful employment. Repayment of previously issued students' loans ensures that in the future, qualified students will be able to access financing for their studies. Therefore, the repayment of loans is an imperative feature of this loan scheme.

However, over the past five years, the Students' Loan Bureau has been struggling to fulfil its mandate of disbursing loan amounts to qualified students. This crisis is due mainly to a high delinquency rate, high levels of unemployment and a culture of entitlement among some beneficiaries (Campbell 2012). Many students who have benefited from the revolving loan scheme were not making any effort to repay, which resulted in a delinquency rate of 30 per cent in 2011. To further compound this issue, the SLB's 2012 recovery efforts proved ineffective and the proposal to make deductions from the beneficiaries' income source lawfully had not been approved.

Issues related to an under-capitalised SLB emerge in the wake of a growing tertiary sector and weakening economic performance. It is felt that the SLB will not be able to sustain the growing demand for student loans unless it changes its current loan model, as well as provide significant capital injection (Henry 2012). The threat of deregistration has led some students to seek other sources to finance their education, while others are forced to discontinue their studies until their financial situation improves. The growing trend of students being forced to discontinue their tertiary education can have a negative impact on the growth and development of the countries in which these students live. This is so because it is widely believed that higher education is one of the greatest hopes for intellectual and civic progress and economic growth in countries (Harper, Patton and Wooden 2009; Hosein, Franklin and Tewarie 2005; Marks 2009). In fact, (Cheung and Chan 2010) posit that "a good way of remaining competitive is to provide quality education that can help students meet the needs of the competitive economy" (525). Hence, the literature highlights some of the benefits of higher education at the national level to be increased tax revenue, greater

productivity, increased competitiveness, decreased crime rate, increased community service and social cohesion (Miller 2009; Titus 2009).

Nevertheless, this dilemma of students being forced to discontinue their studies has created an opportunity for commercial banks to expand and market their financial products to include funding for tertiary level education. In recent times, commercial banks, in an attempt to be more competitive, have expanded loan offerings and “relaxed” eligibility criteria. This is in an effort to attract members of this new market segment, and encourage them to utilise these new financial products. As commercial banks “churn” out funding options for tertiary education, it is observed that universities have also adapted their systems of tuition payment. Partnerships with banks in order to facilitate tuition payments and case-by-case payment plan arrangements with universities to enable students to complete tuition payment in installments are some of the current practices being employed to address the crisis.

Furthermore, many commercial banks have found offering student loans to be challenging due to the regulations and disclosures that are required. Hence, the research question seeks to ascertain whether students can afford the funding options offered by commercial banks in Jamaica. Three top tier tertiary institutions and five major commercial banks were selected for the study. The study sought responses from students who were pursuing a Bachelor Degree in Business Administration. This program was selected due to its high demand.

The motivation to conduct this study is based on the belief that the global recession is an opportune time for higher education in developing countries (Postiglione 2011), coupled with the notion that there is relatively little research in this domain in Jamaica. It is also believed that students from lower socio-economic backgrounds tend to make less ambitious educational decisions (Tieben and Wolbers 2010). In addition, strengthening the viability and sustainability of the SLB is important. This is so because it is believed that investing in education is the single most effective way of reducing poverty (Beal 2013; Marks 2009). The intended contribution of the study is all encompassing, as it can provide useful insights to governments’ policy makers, tertiary institutions, commercial banks and students. Firstly, students will be better able to identify which funding option best suits their situation

and as a result make more informed decisions regarding their education. Secondly, commercial banks will be informed regarding the appropriateness and affordability of their funding options in meeting the needs of this fast growing market segment. Thirdly, tertiary institutions will be more equipped to provide appropriate advice to current and prospective students as it relates to funding. This study can be beneficial as it demonstrates the need for tertiary institutions and commercial banks to engage in strategic partnerships in order to reduce the number of students who are forced to discontinue as a result of an inability to finance their education. Finally, government policy makers can be more informed regarding how best to re-model the SLB operations.

### **Literature Review**

Many students have turned to commercial banks to fill the void left by student loan programs (Bray 2013) and the substantial decline in government funding in higher education (McLendon, Hearn and Mokher 2009). In Jamaica, the established government-funded SLB was not equipped to handle the 153% increase in loan applications over the period 2007 to 2012, coupled with the projection of continued growth. This is a global trend in which the Department of Education in the United States of America (US) revealed that 7% of student loans are from private organisations (Bray 2013). Many banks in the US also provide loans to bridge the gap between federal loans, scholarships and grants and the actual cost of education (Bray 2013). These banks are not only seeking to provide funding to students but also to educate students on borrowing and repayment options so as to reduce the likelihood of loan defaults.

According to the Department of Education inspector in the US, banks are more efficient at providing student loans than the government (Harrison 1999). The report showed that it costs the government \$17 per loan to manage its direct lending program while the same could be done for \$13 per loan by the private sector (Harrison 1999). While banks may provide the only viable option for students, many banks are not willing to provide education loans or, if they do, these loans usually come at a high interest rate. A representative from North Star Bank in the US stated that they did not offer education loans because of the rules and regulations that need to be followed (Wheeler 2011). In fact, many US banks find the offering of



student loans to be challenging due to the regulations and disclosures that are required (Wheeler 2011).

However, the global economic recession has led many local and overseas firms (banks and others) to evaluate and re-engineer how they conduct business. Financial institutions have been finding innovative ways to remain relevant amidst increasing competition in the banking and finance industry. According to Bolt and Tieman (2004), commercial banks have altered the way in which they now operate to improve their competitiveness, attract more customers and retain existing customers. The literature indicated that financial institutions re-engineered their loan product in several ways including but not limited to: relaxing loan acceptance criteria, fixing lending rates, improving relationship banking, increasing cross-selling and pricing risks into interest charges and bank fees (Bolt and Tieman 2004). It is believed that some of these strategies could be employed by commercial banks in Jamaica.

Harriott, Amonde and Grant (2010) suggest that commercial banks in Jamaica exist in a very competitive market, with three main players controlling more than 80% of the market. The rivalry between current players is high, and as such no single player would implement price increases or tighten loan issuing measures above the competitive levels because this would make them unattractive. Based on the structure of the Jamaican Banking industry it is reasonable to assume that these banks are more likely to issue loans to more risky borrowers because they know that the borrower will be able to obtain loans from a competing bank. Additionally, when regulators impose an optimal risk adjusted minimum level of equity, the failure rates of commercial banks usually decline significantly. This too could be applied to the Jamaican banking sector, as the regulators of commercial banks establish regulatory criteria that ensure that banks meet the needs of the customer while reducing the likelihood of failure.

Another re-engineering strategy is for commercial banks to price risk into interest charges and bank fees. According to (Strahan 1999), commercial banks are using non-price factors to determine the degree of risk of potential borrowers and then include the risk of the loan into the funding product. Therefore, interest rates and bank fees are determined by the degree of risk presented by the borrower. However, a good strategy would be to charge

heavier rates of interest for early payments with concessions for substantially reduced rates if they make good on the earlier payment. This practice could be done in Jamaica, as commercial banks are being faced with increased requests for student loans.

The enrollment figures in tertiary level education programs in Jamaica for the academic year 2010-2011 was 68,993, which represented a 228% growth in enrollment over the previous year (Nkrumah-Young 2012). It is not clear precisely how many of these students are Jamaican in comparison to students from other countries. However, it is reasonable to assume that 90% of these students would be Jamaicans. This assumption is based on the fact that a popular university which is managed by three large countries in the region (and as such is in a good position to attract students within the region) has a 90.2% Jamaican population.

In addition, the demand for higher education and enrollment in tertiary level programs is expected to grow even though Jamaica's population growth rate is declining. This expectation is due to the following developments. Under the National Development Plan - Vision 2030, Jamaica's vision is to be the place of choice to live, work, raise families and do business. As a result, graduates from degree programs represent a priority in an effort to ensure the availability of a sustainable supply of an educated workforce to help grow the economy. In the midst of this national drive, there are growing aspirations by individual Jamaicans for higher education in an attempt to become globally competitive. In addition, there is increased competition in tertiary education among local and overseas institutions. These developments can possibly increase enrolment at the tertiary level.

Nkrumah-Young (2012) indicated that the average annual tuition fee charged in 2011 was approximately \$382,000 Jamaican dollars. The crisis is further compounded by the deficiencies experienced in the revolving fund at the SLB, which by extension has contributed to the SLB being inadequate (Henry 2012). Affordability is therefore a growing concern, as more students seek other loan options being provided by institutions operating in the financial services sector.

Resultantly, many students turn to loan products offered by the financial sector. This decision comes with conditions and added variables that affect a student's decision to access a loan as distilled by Birch and Miller (2008):

Student loans come in a variety of forms, with the most important parameters being the eligibility conditions, the amounts that may be borrowed, the rate of interest charged, the period of grace between graduation and when the loan repayments commence, the repayment period and the conditions under which repayments may be deferred or cancelled (4).

In summary, banks have re-engineered their loan products in several ways by relaxing loan acceptance criteria, fixing lending rates, improving relationship banking, increasing cross-selling and pricing risks into interest charges and bank fees in order to remain competitive. In addition, most student loan programs are plagued with flaws, one being a poor recovery rate. In an effort to improve the recovery rate, several countries have restructured their student loan programs. Some loan programs have been changed into income-contingent loans, and government-operated loan schemes are replaced with commercial bank-operated loan schemes (Tilak 2006).

Furthermore, the need for private institutions grew out of a shortage of government-funded institutions to provide tertiary level education for the growing demand for tertiary level education. These private institutions are for profit, and therefore the fees are determined by the market, hence the tuition fees associated with these institutions are significantly higher than those of the public tertiary institutions.

## **Methodology**

This is a quantitative study which seeks to ascertain the funding options provided by the five major commercial banks in Jamaica and determine whether students can afford them. A survey method was used to collect the data in an effort to test students' affordability of higher education. In addition, secondary data was also used to guide the determination of affordability.

There were four (4) groups of interest in this study. They are:

1. Persons employed in the Jamaican economy
2. Onshore financial institutions that provide educational loan facilities
3. Onshore tertiary institutions that offer a Bachelor degree in Business Administration
4. Students pursuing a Bachelor degree in Business Administration

According to the Population and Housing Census the total number of adults employed in Jamaica at January 2013 was 1,110,000 (STATIN 2013). A sample of 1,102 data points were used in the study which is consistent with the sampling procedure utilised by the Statistical Institute of Jamaica (STATIN 2013). The sample encompasses eight major industry groups namely, mining, manufacturing, electricity, construction, trade, transport, finance and personal services. The income earners in this study are those who worked in Jamaican organisations that employ more than ten workers, and Jamaican households are those who are included in the Jamaica Survey of Living Conditions which is conducted by the Planning Institute of Jamaica (PIOJ) and the Statistical Institute of Jamaica (STATIN).

The second sample group consisted of the five major commercial banks that operate in Jamaica offering unsecured loans to fund higher education and whose operations are regulated by the Bank of Jamaica or the Financial Services Commission. These five commercial banks provided an extensive network with geographic coverage over the fourteen parishes of the country. Hence, this sample of the five banks is a good representation of the financial services industry. The sampling method used in this study was purposive or judgmental. For confidentiality reasons, assumed names will be used in this study when referring to these commercial banks. They are Bank A, Bank B, Bank C, Bank D and Bank E. Furthermore, in an effort to promote anonymity the banks are not sorted by market share, revenue or alphabetically.

The third sample group consisted of the three major universities that operate in Jamaica, and are registered with the University Council of Jamaica (UCJ), offer a Bachelor degree in Business Administration and are the only tertiary institutions that officially maintained university status at the time of the study. The sampling method used in this case was purposive. Again for confidentiality reasons, assumed names will be used in this study when referring to these tertiary institutions. They are University A, University B and University C. Similarly, in an effort to promote anonymity the universities are not sorted by size, student enrolment or alphabetically.

In an effort to calculate the cost of education, a three stage approach was taken. This involved:

1. Determining the nominal values of tuition fees at the targeted universities
2. Calculating the monthly commercial bank loan repayments
3. Determining out of pocket obligations

Similarly, in effort to test the research question and determine whether student can afford the cost of higher education, a two stage approach was taken. This involved:

1. Calculating the disposable income using the mean monthly income less monthly core consumption
2. Calculating affordability by subtracting the cost of education from disposable income

These calculations were done against the following assumptions:

- Per capita mean income was generated by the Labour Market and Earnings survey conducted by STATIN
- Core consumption level was limited to mean household expenses, mean rent expenses, mean electricity expenses, mean telephone expenses, and mean water expenses. The information was garnered from the Jamaica Survey of Living Conditions 2010 published by PIOJ and STATIN
- Disposable income was limited to mean monthly income levels, less core monthly consumption
- Cost of education was limited to the monthly repayment calculations required by commercial banks to cover the tuition fees of the universities in the study, plus the out of pocket payments made monthly to pay the tuition fees not covered by the loan
- The universities targeted in the study operate on the basis of three semesters per academic year
- Students enrolled at the universities, register for nine credit hours per semester for the duration of the program

Based on the required calculations to determine tuition affordability, four variables were of utmost importance namely – the funding options provided by commercial banks, tuition fees, disposable income and core consumption levels. The funding options provided by commercial banks formed a fundamental variable to the research. This process was operationalised by conducting self-administered surveys with commercial banks. The researchers further identified the tuition fees of the universities as another variable important to the study. This information was accessed using the prospectus of each university. These two variables were manipulated to determine the monthly cost of education assuming it was financed by an unsecured loan.

In furtherance of the test for affordability, the authors conceptualised the variables associated with the determination of disposable income. This was operationalised using mean income levels accessed from the STATIN Labour Market and Earnings statistics. In addition, core consumption levels were calculated using statistical data presented in the Jamaica Survey of Living Conditions 2010, published by the PIOJ. The sample used to conduct our analysis consisted of 5,534 household members, in which 50.7% were females. Both of these variables were manipulated to determine disposable income.

To finally test for affordability, the cost of education variable was compared with the disposable income variable. Affordability was calculated by the manipulation of the data. The findings provided in Table 10 are the result of the affordability tests.

### **Data Collection**

Both primary and secondary data were used to conduct the study. Primary data in the form of a survey was used to determine the funding options provided by commercial banks to finance higher education. The survey instrument sought information relating to interest rates, repayment arrangements and loan amounts. The unit of analysis relating to this aspect of the study is banks. The targeted commercial banks in this study were provided with a formal letter requesting permission to conduct the survey. This letter outlined the purpose of the study and the confidential manner in which the data would be used.

A pre-test was conducted with ten employees of the banking sector to determine the validity of the survey items. The pretest was conducted mainly to determine face validity. The pretest verified that the survey items could only be interpreted as intended. In total the instrument had four questions utilising both open-ended and closed-ended questions (see Appendix A for further details).

The survey was self-administered and all respondents were informed of the purpose of the survey and that the data gathered will be held in confidence. Respondents were selected based on their roles in the targeted banks. Three officers or their designate with the following titles: loan officer, loan supervisor and managers were targeted from each bank. The surveys were

administered over a period of four weeks. The expected target was fifteen respondents but we successfully surveyed ten respondents. This gave a 66.7% response rate.

In terms of secondary data, the STATIN Labour Market and Earnings Statistics provided average earnings per week of all employed persons in firms with more than ten employees, by major industry groups. This data was for the periods 2010 to 2012. Core consumption was computed using data gathered from the Jamaica Survey of Living Conditions 2010, which is a joint publication of the PIOJ and STATIN. The data was used to determine the monthly per capita household consumption, mean rent expense, mean electricity expense, mean telephone expense and mean water expense. The universities' prospectus for academic years 2013/2014 and 2014/2015 were used to gather data on the tuition fees required to complete a Bachelor degree in Business Administration at the three institutions. The data from all three universities indicated the number of credits required to complete the degree and the cost per credit. It is important to note that all secondary data gathered for this study is publicly accessible and will not raise ethical issues associated with privacy and confidentiality.

### **Data Analysis**

Two procedures were utilised regarding data analysis, namely data tabulation and descriptive data to analyse the data and to test for affordability.

To analyse the data collected on the funding options provided by commercial banks, simple tabulation was performed. The survey items provided answers to the questions relating to funding option, maximum loan amount, repayment period and interest rates. Each of these responses were presented using a one-way table and then illustratively presented using bar graphs.

To analyse how much would be required in monthly payments over the duration of the study the data was analysed in a number of ways. Firstly, simple tabulation was used to determine whether the maximum loan amount could cover the total cost of education. Secondly, an annuity formula was applied to determine the monthly payments that would be covered by the loan. Finally, using cross tabulation, the researchers determined the monthly payments that would not be covered by the loan and would require financing out of pocket. Such data was presented using tables.

Disposable income per capita was analysed using a three step tabulation technique. Firstly, mathematical calculations were used to determine the future income levels for households by applying average inflation rates to the nominal income level for the starting period. Secondly, simple tabulation was used to calculate the mean core consumption levels. This data was then presented using tables. Finally, expenses were factored out of total income, making per capita disposable income levels the product. This data was also presented using tables. To analyse affordability, tables were used to show the monthly disposable income and the monthly cost for education.

### **Findings and Discussion**

Table 1 shows that loan amounts accessible varied from institution and ranged from \$500,000 to \$3 million. The responses indicate that Bank A provided up to \$500,000; while Bank B allowed a loan amount of up to \$3 million. Bank C, Bank D and Bank E completed the list by providing access up to \$1 million.

The repayment periods varied from institution and ranged from a minimum of 36 months to a maximum of 120 months (Table 1). Bank A extended the longest repayment period, allowing 120 months to repay, while Bank B allowed repayment over a 48 month period. Bank C, Bank D and Bank E all allowed access to the same maximum loan amount but allowed different repayment periods. Bank C allowed repayment over a 60 month period, Bank D a repayment period of 48 months and Bank E the shortest repayment period of 36 months.

Finally, interest rates varied from institution and ranged from a minimum of 17.85% to a maximum of 29.75%. Bank A which offered the lowest loan amount of \$500,000 did so at an interest rate of 17.85%, while Bank B with a loan amount of \$3 million did so with the highest interest rates of all commercial banks at 29.75%. Bank C and Bank D had interest rates of 19 % and 20.5% respectively. Bank E allowed borrowers a maximum loan amount of \$1 million at an interest rate of 27%.



**Table 1: The Funding Options Available**

<b>Bank</b>	<b>Loan Amount</b>	<b>Interest Rate</b>	<b>Repayment (months)</b>	<b>Term</b>
Bank A	\$500,000	17.85%	120	
Bank B	\$3,000,000	29.75%	48	
Bank C	\$1,000,000	19%	60	
Bank D	\$1,000,000	20.5%	48	
Bank E	\$1,000,000	27%	36	

Secondary data obtained from the prospectus of each university was used to determine the nominal tuition fees charged by the universities for the completion of a Bachelor degree in Business Administration and are displayed using cross-tabulation in Table 2. In order to complete the program of study at University A, it is required to complete 90 credit hours at \$8,405 per credit hour, which totaled \$756,450 in tuition. Students at University B were required to complete 128 credit hours at \$8,800.00 per credit hour, which totaled \$1,126,400. University C displayed the most expensive tuition fees, requiring \$11,848.44 per credit hour for 128 credit hours, which totaled \$1,516,600. These fees were calculated using the cost per credit and the total number of credit hours required for completion. Table 2 further displays that the duration of study at each university is 40 months at University A, and 56 months at both University B and University C.

**Table 2: Nominal Tuition Fees per University**

<b>Program variables</b>	<b>University A</b>	<b>University B</b>	<b>University C</b>
Number of Credit Hours	90	128	128
Cost per Credit	\$8,405.00	\$8,800.00	\$11,848.44
Total Cost of the Program	\$756,450.00	\$1,126,400.00	\$1,516,600.00
Duration of Study	40 months	56 months	56 months

Commercial bank loans were used in this study as the primary means by which students, enrolled to the universities, were able to finance their higher education. The funding options provided by commercial banks (Table 1) were therefore manipulated with the nominal tuition fees of the universities (Table 2) to determine the monthly payment requirements for each loan. The formula used for the calculation of the monthly loan repayment (Figure 1) is the same as an ordinary annuity formula. Standard loans are by definition an annuity, and are amortised in the study for a specific period of time, utilising fixed rates.

The payment formula in Figure 1 (shown below) was applied to all the funding options generated in Table 1. The interest rates charged by the commercial banks are represented by  $r$ . The number of periods of repayment on the loan is represented by  $n$ . For the purposes of this study, the researchers assumed that all loan applicants would accept the maximum repayment period available for each loan ( $n$ ). The nominal tuition fees (Table 2) of the universities represent the present value (PV) of all future payments on the loan. The data manipulation was executed to determine monthly loan repayment ( $P$ ).

$$P = \frac{r(PV)}{1 - (1 + r)^{-n}}$$

$P$  = Payment

$PV$  = Present Value

$r$  = rate per period

$n$  = number of periods

### Figure 1: Ordinary Annuity Formula

The findings from the data manipulation are displayed in Table 3. It determined that financing tuition ranged from a monthly loan repayment of \$8,961.03 to \$54,487.70. The findings indicated that financing from Bank A required monthly payments of \$8,961.03 for 120 months regardless of the university studied. The researchers noted this was reflective of the maximum loan amounts available (Table 1) which were less than the nominal tuition

fees of each university (Table 2). Loan financing at Bank C, Bank D and Bank E also encountered a similar situation for tuition fees associated with University B and University C. Loan repayment for those universities required borrowers from Bank C, Bank D and Bank E to pay \$25,940.50, \$30,697.39, and \$40,825.22 respectively. For students attending University A, the loan repayment amounts would equal \$19,622.73, \$23,220.59, and \$30,882.23 respectively. Bank B was the only observed commercial bank that provided a financial option for higher education that exceeded the nominal tuition fees of all universities in the study. Loans from Bank B would require repayment of \$27,179.22 at University A, \$40,468.78 at University B, and \$54,487.70 at University C.

**Table 3: Nominal Tuition Fees per University**

<b>Variables</b>	<b>Bank A</b>	<b>Bank B</b>	<b>Bank C</b>	<b>Bank D</b>	<b>Bank E</b>
Interest Rate	17.85%	29.75%	19%	20.5%	27%
Repayment Period	120 months	48 months	60 months	48 months	36 months
University A	\$8,961.03	\$27,179.22	\$19,622.73	\$23,220.59	\$30,882.23
University B	\$8,961.03	\$40,468.78	\$25,940.50	\$30,697.39	\$40,825.22
University C	\$8,961.03	\$54,487.70	\$25,940.50	\$30,697.39	\$40,825.22

A comparison of the data in Tables 1 and 2 highlighted that not all commercial banks completely financed the cost of tuition at the universities. The researchers identified the need for students to pay a percentage of their tuition fees out of pocket. These out of pocket values are displayed in Table 4. It was determined that the options provided by Bank A required the largest amount in out of pocket payments, while Bank B required no out of pocket obligations.

**Table 4: Out of Pocket Obligations**

<b>University A</b>	<b>Bank A</b>	<b>Bank B</b>	<b>Bank C</b>	<b>Bank D</b>	<b>Bank E</b>
Nominal Tuition Fees	\$756,450.00	\$756,450.00	\$756,450.00	\$756,450.00	\$756,450.00
Loan Amounts	\$500,000.00	\$3,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00
Out of Pocket Amount	\$256,450.00	\$0	\$0	\$0	\$0
<b>University B</b>	<b>Bank A</b>	<b>Bank B</b>	<b>Bank C</b>	<b>Bank D</b>	<b>Bank E</b>
Nominal Tuition Fees	\$1,126,400.00	\$1,126,400.00	\$1,126,400.00	\$1,126,400.00	\$1,126,400.00
Loan Amounts	\$500,000.00	\$3,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00
Out of Pocket Amount	\$626,400.00	\$0	\$126,400.00	\$126,400.00	\$126,400.00
<b>University C</b>	<b>Bank A</b>	<b>Bank B</b>	<b>Bank C</b>	<b>Bank D</b>	<b>Bank E</b>
Nominal Tuition Fees	\$1,516,600.00	\$1,516,600.00	\$1,516,600.00	\$1,516,600.00	\$1,516,600.00
Loan Amounts	\$500,000.00	\$3,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00
Out of Pocket Amount	\$1,016,600.00	\$0	\$516,600.00	\$516,600.00	\$516,600.00

To determine when out of pocket payments would commence, the researchers firstly manipulated the loan amounts identified in Table 1 against the cost per credit hour to calculate the number of credit hours covered by the loan. The remaining credit hours would require out of pocket payment. The researchers further manipulated the data in Table 5 to determine the monthly payments required out of pocket to finance tuitions fees not covered by the loan. Further manipulation was also conducted to determine the period that would require out of pocket payments. Students registered at University C who received financing from Bank A would be required to start financing out of pocket as early as month 17, for a period of 40 months (Table B3). Table 5 shows monthly out of pocket payments required for each university per bank funding option. The table also indicates the length of time out of pocket payments would be required. Students attending University A had the least likelihood of financing with out of pocket funds. Students at University C required the largest out of pocket payments to finance tuition fees.

**Table 5: Monthly out of Pocket Payments**

Types	Bank A	Bank B	Bank C	Bank D	Bank E
University A	\$16,028.13 (16 months)	\$0 (0 months)	\$0	\$0	\$0
University B	\$19,575.00 (32 months)	\$0 (0 months)	\$15,800.00 (8 months)	\$15,800.00 (8 months)	\$15,800.00 (8 months)
University C	\$25,415.00 (40 months)	\$0 (0 months)	\$25,830.00 (20 months)	\$25,830.00 (20 months)	\$25,830.00 (20 months)

### *Cost of Education Calculation*

The critical variable to determine affordability is the cost of education and this is broken down to the monthly payments required to finance tuition fees at the universities. Tuition fees (Table 2) have been manipulated against

funding options available at the commercial banks (Table 1) to generate monthly loan repayment amounts necessary to finance these tuition fees (Table 3). The amounts not covered by the loan, which require out of pocket payments to finance the balance of tuition obligations was calculated (Table 5).

The cost of education monthly payment schedule for each university is presented in Appendix B, Table B1, Table B2, and Table B3. The data presented indicates that students would initially only repay the loan accessed at the commercial banks. The table also shows the point at which out of pocket obligations would commence. At that point, the student would be required to finance both the commercial bank loan payments and the monthly out of pocket obligations.

The future values of the aggregated costs of education are presented in Table 6. The cross tabulation indicates that financing University A tuition required a total financial obligation of \$1,111,760.28 at the lowest, to \$1,331,773.68 at the highest. University B future values ranged from \$1,596,107.92 to \$1,942,501.44. University C required total financing of \$1,986,307.92 to 2,615,409.60.

**Table 6: Aggregated Future Values - Cost of Education**

Types	Bank A	Bank B	Bank C	Bank D	Bank E
University A	\$1,331,773.68	\$1,302,088.80	\$1,177,361.40	\$1,114,609.92	\$1,111,760.28
University B	\$1,701,723.60	\$1,982,830.00	\$1,682,830.00	\$1,599,874.72	\$1,596,107.92
University C	\$2,091,923.60	\$2,615,409.60	\$2,073,030.00	\$1,990,074.72	\$1,986,307.92

### *Mean Income Level*

It is believed that the manipulation of the cost of education and disposable income have a direct impact on the affordability of higher education. Hence,

this section presents the findings of mean income level and core consumption to determine disposable income.

Secondary data was used to show mean weekly income for persons employed in firms with more than ten employees, which is displayed in Table 7. This highlights the average earnings of certain major industry groups like mining, manufacturing, construction, etc. However, the last row labelled 'All Divisions' highlights the average earnings of all industry groups in the country. This shows the mean income in 2010 to be \$17,675, while in 2011 and 2012 it increased to \$19,290 and \$19,606 respectively. Mean incomes increased by 9.14% in 2011 over 2010. However, there was only a 1.64% increase in 2012 over 2011.

**Table 7: Average Earnings per week of employed persons in firms with more than 10 employees**

Major Industry Group	2010	2011	2012	% Variance	
				2011 / 2010	2012 / 2011
Mining	\$21,463.00	\$25,583.00	\$30,416.00	19.20%	18.89%
Manufacturing	\$13,590.00	\$14,539.00	\$15,138.00	6.98%	4.12%
Electricity, Gas & Water	\$36,005.00	\$37,202.00	\$36,668.00	3.33%	-1.44%
Construction	\$22,093.00	\$23,106.00	\$23,215.00	4.58%	0.47%
Trade, Hotels & Restaurants	\$15,828.00	\$17,732.00	\$18,310.00	12.03%	3.26%
Transport, Storage & Communication	\$25,584.00	\$26,829.00	\$27,029.00	4.87%	0.75%
Financial, Insurance, Real Estate & Business Services	\$22,025.00	\$24,922.00	\$24,835.00	13.15%	-0.35%
Community, Social & Personal Services	\$15,068.00	\$15,991.00	\$17,247.00	6.12%	7.85%
All Divisions	\$17,675.00	\$19,290.00	\$19,606.00	9.14%	1.64%

The weekly income data was manipulated to reflect monthly statistics. The result reflected the mean income levels in 2010, 2011 and 2012 to be \$70,700, \$77,160 and \$78,424 respectively. These values were further manipulated into core consumption in an effort to determine disposable income.

#### *Core Consumption*

To assist in the determination of disposable income, consumption had to be a consideration in the manipulation of the data. The areas of consumption were



mean household consumption, mean rent expense, mean electricity expense, mean telephone expense, and mean water expense. It was determined that all other expense obligations were not a factor of core consumption. The Jamaica Survey of Living Conditions 2010 provided secondary data to produce statistics for the areas of consumption in 2010. These statistics allowed for the determination of core consumption.

The consumer price index published by the Bank of Jamaica was used to determine consumption values. The inflation rates for 2010, 2011 and 2012 were 12.6%, 7.5% and 6.9% respectively. The data used to generate mean per capita household consumption in the Jamaica Survey of Living Conditions 2010 identified eleven commodity groups that reflect the spending habits of the population. Consumption for 2010, 2011 and 2012 was computed to be \$18,564.25, \$19,956.57 and \$21,333.57 respectively (Table 8). These figures were added to the costs of rent, electricity, telephone and water to determine core consumption values and represented 45.5% of the total cost.

The Jamaica Survey of Living Conditions 2010 also provided data on the mean monthly costs for rent, electricity, telephone and water services (Table 8). The data revealed that rent accounted for 30.8% of core consumption costs, while electricity, telephone and water accounted for 10.4, 8.4 and 4.9% respectively. Table 8 shows the monthly core consumption obligations per capita. The calculated core consumption in 2010 was \$40,788.18, while in 2011 and 2012 it was \$43,847.29 and \$46,872.76 respectively. These consumption values paired with mean income provided the determination of disposable income.

**Table 8: Core Consumption**

<b>Parameters</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>% Distribution</b>
Total Monthly Expenditure Household Expense	\$18,564.25	\$19,956.57	\$21,333.57	45.5%
Total Monthly Expenditure Rental Payment	\$12,561.59	\$13,503.71	\$14,435.47	30.8%
Total Monthly Expenditure Electricity Payment	\$4,257.93	\$4,577.27	\$4,893.11	10.4%
Total Monthly Expenditure Telephone Payment	\$3,405.84	\$3,661.28	\$3,913.91	8.4%
Total Monthly Expenditure Water Payment	\$1,998.57	\$2,148.46	\$2,296.71	4.9%
<b>TOTAL EXPENDITURE</b>	<b>\$40,788.18</b>	<b>\$43,847.29</b>	<b>\$46,872.76</b>	<b>100.0%</b>

### *Disposable Income*

The manipulation of the data presented earlier in the study indicated that mean income levels in 2010, 2011 and 2012 were \$70,700, \$77,160, and \$78,424 respectively. The core consumption calculations determined that in 2010 it equaled \$40,788.18. With 7.5% inflation in 2011, core consumption was calculated at \$43,847.29. Further inflation of 6.9% in 2012 increased core consumption to \$46,872.76.

Table 9 shows the manipulation of the data to determine disposable income. The calculations revealed that disposable income for 2010, 2011 and 2012 were \$29,911.82, \$33,312.71, and \$31,551.24 respectively. This data reveals that after mean household expenses, rent, electricity, telephone and water were subtracted from mean monthly income, the remaining balance is available to the representative sample to finance higher education pursuits.

**Table 9: Mean Monthly Disposable Income**

<b>Mean Monthly Disposable Income</b>			
	2010	2011	2012
Mean Monthly Income	\$70,700.00	\$77,160.00	\$78,424.00
Mean Monthly Core consumption	\$(40,788.18)	\$(43,847.29)	\$(46,872.76)
Mean Monthly Disposable Income	\$29,911.82	\$33,312.71	\$31,551.24

*Affordability*

The ultimate concern of this study is the determination of whether higher education is affordable and the disposable income used to test for affordability was \$31,551.24 monthly, which was indicative of the 2012 findings.

Affordability was calculated by subtracting the cost of education from disposable income. Disposable income is calculated by subtracting core consumption from mean income. Therefore, education becomes affordable once the individual is willing and able to finance education from the excess of income over expenditure. Based on these computations, the result of affordability is shown in Table 10.

The findings revealed that most of the funding options offered by the commercial banks were not affordable, as monthly annuity payments were greater than disposable income. All the funding options provided by the commercial banks were found to be affordable when students chose University A; two of the five were affordable when students chose University B and none when University C was chosen.

**Table 10: Results regarding Affordability for Higher Education**

<b>Banks</b>	<b>University A</b>	<b>University B</b>	<b>University C</b>
Bank A	Affordable	Affordable	Not Affordable
Bank B	Affordable	Not Affordable	Not Affordable
Bank C	Affordable	Not Affordable	Not Affordable
Bank D	Affordable	Affordable	Not Affordable
Bank E	Affordable	Not Affordable	Not Affordable

Students who funded their study with the option provided by Bank A required \$34,376.03 for several months to finance loan repayment and out of pocket obligations. This was the lowest monthly option available of the commercial banks, which remained \$2,824.79 above available disposable income. Bank B, Bank C and Bank E required amounts of \$22,936.46, \$20,219.26 and \$9,273.98 more than what was available to spend. Bank D was found to require \$24,976.15 above available disposable income, making them the most expensive option studied. The researchers concluded that studies at University C were not affordable, thereby confirming the notion that students cannot afford higher education. Hence, the study highlights the need for policy changes to strengthen the viability and sustainability of the SLB.

### **Implications of the Study**

Firstly, students in Jamaica will no longer be able to afford higher education. This conclusion is based on the fact that the cost of education continues to trend upwards and disposable income is trending downwards. Commercial banks might not adjust funding options quickly enough in response to this rapid increase. The features of the funding options, namely loan amount, interest rate and loan repayment period, if not re-engineered will not sufficiently cover the increasing cost of education.

Secondly, the findings further implies that there needs to be some policy changes to the manner in which the SLB receives financing, disburses loans and manages repayment. These changes will ensure that more students can access higher education using more affordable means. The researchers have inferred that if funding options are not affordable, then fewer persons will pursue higher education. Consequently, the government should then take a greater interest in improving the education level of the society by improving the policies of the SLB so it is better able to fulfil its mandate.

Finally, if the government and/or private sector do not embark upon strategies to improve the affordability of a private higher education through universities such as University C, eventually these universities will no longer be considered as an option for students wishing to pursue a bachelor's degree in Jamaica.

## **Conclusion**

The study confirmed the notion that students cannot afford higher education for studies at University C. It was determined that the cost of education at University C exceeded the available disposable income of the sample. One of the main reasons that persons would not be able to afford higher education was not because of the loan payment amounts, but because they had to make out of pocket payments in addition to the loan obligations. As a result, commercial banks need to re-engineer the current loan options that they provide for higher education. Commercial banks should match the loan amounts that they offer to the relevant tuition fees of the universities, as well as extend the repayment period of the loans.

Another option for making higher education more affordable is to reform the SLB's current regime. These recommendations as distilled by Atuahene (2008) include:

- Create a computerised coordinated network National Identification System to enable reliable record keeping of beneficiaries. The existing Tax Registration Number (TRN) could assist with this effort
- Create a public education campaign to help the general public understand the enormous challenges faced by the country and encourage their participation

- Allow individuals to commence repayment when they reach a certain income limit
- Develop a passport control tracking system for beneficiaries that migrate after graduation. Require that the individuals and their guarantors sign undertakings to bear the full responsibility of the loan in case they default payment.

In addition to these initiatives, it is incumbent that parents make better preparations to assist their children when they are ready to attend university. Parents should start thinking about saving for higher education from as early as when their children are born. Long term investment schemes that will mature after the children have left secondary school is a good strategy to ensure that their children will have complete or even partial funding for higher education.

Likewise, universities can also assist in ensuring that tuition fees are more affordable to students by offering payment plans. If students are able to make payments on a monthly basis with a relatively low interest rate, most would be able to repay their tuition by the end of their programs. This approach could make the aggregate cost of education much lower than commercial banks.

Finally, the government of Jamaica should consider extending subvention to private universities in an effort to allow more students to access higher education.

If these suggestions are adopted and sustained they could assist greatly in reducing the burden being faced by many regarding the affordability of higher education. These suggested measures could increase the number of students being able to afford higher education, which by extension could have a positive impact in economic growth and development of Jamaica.

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**Appendix A: The Survey Instrument**

1. Does your institution offer unsecured loans for tertiary education?
  - a. Yes
  - b. No
  
2. What is the maximum loan amount that can be accessed by applicants for unsecured loans for tertiary education?  
\$ \_\_\_\_\_ JM
  
3. What is the maximum loan repayment period that can be accessed for unsecured loans for tertiary education?  
\_\_\_\_\_ months
  
4. What is the interest rate that is applied to unsecured loans for tertiary education?  
\_\_\_\_\_ %



**Appendix B**

**TABLE B1 - Total Tuition Payment Schedule – University A**

Months	Bank A	Bank B	Bank C	Bank D	Bank E
1	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
2	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
3	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
4	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
5	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
6	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
7	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
8	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
9	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
10	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
11	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
12	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
13	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
14	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
15	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
16	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
17	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
18	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
19	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
20	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
21	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
22	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
23	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
24	8,961.03	27,126.85	19,622.69	23,221.04	30,882.23
25	24,989.16	27,126.85	19,622.69	23,221.04	30,882.23
26	24,989.16	27,126.85	19,622.69	23,221.04	30,882.23
27	24,989.16	27,126.85	19,622.69	23,221.04	30,882.23
28	24,989.16	27,126.85	19,622.69	23,221.04	30,882.23
29	24,989.16	27,126.85	19,622.69	23,221.04	30,882.23
30	24,989.16	27,126.85	19,622.69	23,221.04	30,882.23
31	24,989.16	27,126.85	19,622.69	23,221.04	30,882.23
32	24,989.16	27,126.85	19,622.69	23,221.04	30,882.23
33	24,989.16	27,126.85	19,622.69	23,221.04	30,882.23
34	24,989.16	27,126.85	19,622.69	23,221.04	30,882.23
35	24,989.16	27,126.85	19,622.69	23,221.04	30,882.23
36	24,989.16	27,126.85	19,622.69	23,221.04	30,882.23
37	24,989.16	27,126.85	19,622.69	23,221.04	---
38	24,989.16	27,126.85	19,622.69	23,221.04	---
39	24,989.16	27,126.85	19,622.69	23,221.04	---
40	24,989.16	27,126.85	19,622.69	23,221.04	---
41	8,961.03	27,126.85	19,622.69	23,221.04	---
42	8,961.03	27,126.85	19,622.69	23,221.04	---
43	8,961.03	27,126.85	19,622.69	23,221.04	---
44	8,961.03	27,126.85	19,622.69	23,221.04	---
45	8,961.03	27,126.85	19,622.69	23,221.04	---
46	8,961.03	27,126.85	19,622.69	23,221.04	---
47	8,961.03	27,126.85	19,622.69	23,221.04	---
48	8,961.03	27,126.85	19,622.69	23,221.04	---
49	8,961.03	---	19,622.69	---	---

50	8,961.03	---	19,622.69	---	---
51	8,961.03	---	19,622.69	---	---
52	8,961.03	---	19,622.69	---	---
53	8,961.03	---	19,622.69	---	---
54	8,961.03	---	19,622.69	---	---
55	8,961.03	---	19,622.69	---	---
56	8,961.03	---	19,622.69	---	---
57	8,961.03	---	19,622.69	---	---
58	8,961.03	---	19,622.69	---	---
59	8,961.03	---	19,622.69	---	---
60	8,961.03	---	19,622.69	---	---
61	8,961.03	---	---	---	---
62	8,961.03	---	---	---	---
63	8,961.03	---	---	---	---
64	8,961.03	---	---	---	---
65	8,961.03	---	---	---	---
...120	8,961.03	---	---	---	---
Total	J\$1,331,773.68	J\$1,302,088.80	J\$1,177,361.40	J\$1,114,609.92	J\$1,111,760.28

TABLE B2 - Total Tuition Payment Schedule – University B

Months	Bank A	Bank B	Bank C	Bank D	Bank E
1	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
2	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
3	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
4	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
5	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
6	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
7	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
8	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
9	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
10	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
11	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
12	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
13	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
14	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
15	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
16	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
17	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
18	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
19	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
20	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
21	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
22	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
23	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
24	8,961.03	40,468.78	25,940.50	30,697.39	40,825.22
25	28,536.03	40,468.78	25,940.50	30,697.39	40,825.22
26	28,536.03	40,468.78	25,940.50	30,697.39	40,825.22
27	28,536.03	40,468.78	25,940.50	30,697.39	40,825.22
28	28,536.03	40,468.78	25,940.50	30,697.39	40,825.22
29	28,536.03	40,468.78	25,940.50	30,697.39	40,825.22

30	28,536.03	40,468.78	25,940.50	30,697.39	40,825.22
31	28,536.03	40,468.78	25,940.50	30,697.39	40,825.22
32	28,536.03	40,468.78	25,940.50	30,697.39	40,825.22
33	28,536.03	40,468.78	25,940.50	30,697.39	40,825.22
34	28,536.03	40,468.78	25,940.50	30,697.39	40,825.22
35	28,536.03	40,468.78	25,940.50	30,697.39	40,825.22
36	28,536.03	40,468.78	25,940.50	30,697.39	40,825.22
37	28,536.03	40,468.78	25,940.50	30,697.39	15,800.00
38	28,536.03	40,468.78	25,940.50	30,697.39	15,800.00
39	28,536.03	40,468.78	25,940.50	30,697.39	15,800.00
40	28,536.03	40,468.78	25,940.50	30,697.39	15,800.00
41	28,536.03	40,468.78	25,940.50	30,697.39	15,800.00
42	28,536.03	40,468.78	25,940.50	30,697.39	15,800.00
43	28,536.03	40,468.78	25,940.50	30,697.39	15,800.00
44	28,536.03	40,468.78	25,940.50	30,697.39	15,800.00
45	28,536.03	40,468.78	25,940.50	30,697.39	---
46	28,536.03	40,468.78	25,940.50	30,697.39	---
47	28,536.03	40,468.78	25,940.50	30,697.39	---
48	28,536.03	40,468.78	25,940.50	30,697.39	---
49	28,536.03	---	25,940.50	15,800.00	---
50	28,536.03	---	25,940.50	15,800.00	---
51	28,536.03	---	25,940.50	15,800.00	---
52	28,536.03	---	25,940.50	15,800.00	---
53	28,536.03	---	25,940.50	15,800.00	---
54	28,536.03	---	25,940.50	15,800.00	---
55	28,536.03	---	25,940.50	15,800.00	---
56	28,536.03	---	25,940.50	15,800.00	---
57	8,961.03	---	25,940.50	---	---
58	8,961.03	---	25,940.50	---	---
59	8,961.03	---	25,940.50	---	---
60	8,961.03	---	25,940.50	---	---
61	8,961.03	---	---	---	---
62	8,961.03	---	---	---	---
63	8,961.03	---	---	---	---
64	8,961.03	---	---	---	---
65	8,961.03	---	---	---	---
... 120	8,961.03	---	---	---	---
Total	J\$1,701,723.60	J\$1,942,501.44	J\$1,682,830.00	J\$1,599,874.72	J\$1,596,107.92

TABLE B3 - Total Tuition Payment Schedule – University C

Months	Bank A	Bank B	Bank C	Bank D	Bank E
1	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
2	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
3	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
4	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
5	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
6	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
7	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
8	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
9	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
10	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
11	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
12	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22

13	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
14	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
15	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
16	8,961.03	54,487.70	25,940.50	30,697.39	40,825.22
17	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
18	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
19	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
20	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
21	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
22	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
23	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
24	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
25	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
26	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
27	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
28	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
29	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
30	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
31	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
32	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
33	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
34	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
35	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
36	34,376.03	54,487.70	25,940.50	30,697.39	40,825.22
37	34,376.03	54,487.70	51,770.50	56,527.39	25,830.00
38	34,376.03	54,487.70	51,770.50	56,527.39	25,830.00
39	34,376.03	54,487.70	51,770.50	56,527.39	25,830.00
40	34,376.03	54,487.70	51,770.50	56,527.39	25,830.00
41	34,376.03	54,487.70	51,770.50	56,527.39	25,830.00
42	34,376.03	54,487.70	51,770.50	56,527.39	25,830.00
43	34,376.03	54,487.70	51,770.50	56,527.39	25,830.00
44	34,376.03	54,487.70	51,770.50	56,527.39	25,830.00
45	34,376.03	54,487.70	51,770.50	56,527.39	25,830.00
46	34,376.03	54,487.70	51,770.50	56,527.39	25,830.00
47	34,376.03	54,487.70	51,770.50	56,527.39	25,830.00
48	34,376.03	54,487.70	51,770.50	56,527.39	25,830.00
49	34,376.03	---	51,770.50	25,830.00	25,830.00
50	34,376.03	---	51,770.50	25,830.00	25,830.00
51	34,376.03	---	51,770.50	25,830.00	25,830.00
52	34,376.03	---	51,770.50	25,830.00	25,830.00
53	34,376.03	---	51,770.50	25,830.00	25,830.00
54	34,376.03	---	51,770.50	25,830.00	25,830.00
55	34,376.03	---	51,770.50	25,830.00	25,830.00
56	34,376.03	---	51,770.50	25,830.00	25,830.00
57	8,961.03	---	25,940.50	---	---
58	8,961.03	---	25,940.50	---	---
59	8,961.03	---	25,940.50	---	---
60	8,961.03	---	25,940.50	---	---
61	8,961.03	---	---	---	---
62	8,961.03	---	---	---	---
63	8,961.03	---	---	---	---
64	8,961.03	---	---	---	---
65	8,961.03	---	---	---	---
...120	8,961.03	---	---	---	---
Total	JS2,091,923.60	JS2,615,409.60	JS2,073,030.00	JS1,990,074.72	JS1,986,307.92

## **Constructing a Housing Price Index for Barbados**

Anton Belgrave, Tiffany Grosvenor  
*Central Bank of Barbados, Barbados*  
and  
Shane Lowe  
*University of Glasgow, Scotland*

### **Abstract**

This paper presents a framework for developing a real estate price index for Barbados using data provided by the country's central revenue agency, the Barbados Revenue Authority. Apart from the existence of specialised commercial sub-indices, and despite an initial effort by Browne, Clarke and Moore (2008), there exists no general real estate price index for Barbados to date. Ultimately, the paper reviewed a number of approaches proposed in the literature for constructing real estate price indices, and determined that a median price index was most appropriate given the characteristics and limitations of the data. The study enhances the initial efforts of Browne *et al.* (2008) by utilising the actual sale price of properties rather than the listed price. The results suggest that real estate prices escalated rapidly from middle of the 1990s to about 2010 and stabilised or declined subsequently.

**Key Words:** house price index; median price index; developing countries.

## Introduction

The 2007/2008 housing crash in the United States of America and other developed economies highlighted the increasingly connected relationship between the real estate sector, the financial system and the real economy. For example, personal consumption fell by 20 per cent - four times the national average – in the one-fifth of US counties that suffered the largest declines in housing net worth over the period (Glick and Lansing 2010). For many financial institutions, mortgages and other property-related lines of credit have traditionally represented major exposures and sources of income, while other non-real estate loans are backed by properties offered as collateral. In addition, with the advent of securitisation, particularly with reference to mortgage-backed securities, this ongoing relationship between the real and financial sectors has become even more complex.

As noted in the inaugural Caribbean Regional Financial Stability Report 2015 (28), Barbados' economy is highly credit-driven with credit-to-GDP ratios in excess of 140 per cent of GDP. For the dominant deposit-taking institutions, banks and credit unions, mortgages alone accounted for 42 per cent of total loans and advances of commercial banks at the end of 2015, and about 44 per cent of the credit unions' portfolio (CCMF, 2016).

As of June 2016, non-performing loans to real estate, renting and other business activities accounted for 16 per cent of gross classified debt in Barbados, with loans to individuals and individual trusts making up another 59 per cent, much of which is attributed to residential mortgages. At the same time, some finance and trust companies, some insurance companies and most credit unions provide mortgages to their customers, and at times these make up more than half of those institutions' credit portfolios.

The fortunes of the real estate market therefore, not only serve as a guide to the direction of overall economic activity and credit, but also have implications for the overall health of the financial system. However, despite the initial efforts of Browne *et al.* (2008), there exists no comprehensive real estate price index for Barbados to date. These authors used the listed prices of 4,584 properties in Barbados spanning twelve months to construct both median and hedonic house price indices for the island. However, this limited time series, as well as the exclusion of factors such as age, proximity to schools, shopping areas and the beach – in the case of the hedonic model – was cited

by the authors as challenges in carrying out their research. Potentially more problematic was the use of listed prices rather than the actual transaction prices as these may not represent the true values of properties on the island due to the heterogenous nature of housing assets, informational asymmetries and lags in market value adjusting over time.

The lack of an official index prompted the International Monetary Fund, as part of their 2013 Financial Sector Assessment Program (International Monetary Fund (2014)), to suggest that the Central Bank of Barbados develop a real estate price index in order to assess the adequacy of the financial institutions' valuations of real estate collateral used in financial transactions. This would ultimately be useful in determining whether there is a need for cuts to the value of this collateral, and would be a key aspect of any macroprudential toolkit as it would enable authorities to assess where excessive build-up of risks may be occurring. Nonetheless, encouragement to compile and disseminate property price indicators has also become a general international recommendation with the house price indicators being included as Recommendation 19 in the IMF/FSB G-20 Data Gaps Initiative (DGI) (Financial Stability Board/International Monetary Fund (2009) as well as being prescribed within the list of IMF Financial Soundness Indicators.

The study evaluated a number of approaches proposed by the literature for constructing real estate price indices and determined which model was most appropriate for estimating property prices in Barbados given the existing data set. Ultimately, it is intended that the constructed index will be incorporated into the Central Bank of Barbados' Financial Stability Unit's macroprudential and surveillance toolkit.

The remainder of the paper is structured as follows: Section 2 reviews the methodologies used in the literature for the construction of real estate price indices, Section 3 presents a historical perspective of housing developments in Barbados utilising census data, Section 4 gives a brief overview of the data employed in the study, Section 5 analyses the results, and finally, Section 6 summarises the findings and concludes.

## A Review of Methodological Approaches

The uses of real estate price indices are myriad. These include the measurement of price bubbles in the housing market, as a key measure of real household wealth and as part of the analysis of a mortgage lender's exposure to default risk. Indeed, there has been increasing appreciation among policy makers that central banks should monitor asset prices, as well as goods prices (Blanchard *et al.* 2010).

However, the construction of aggregate measures of housing prices is not a straightforward exercise and involves a number of conceptual and practical issues. Ultimately, a real estate price index should represent the price change experienced by a typical house within the geographical area covered by the index. Therefore, an accurate starting point for constructing any price index between two time periods is to collect prices on exactly the same product or item for two time periods under consideration - the standard matched-model methodology. However, the fundamental problem with real estate price indices is that the exact matching of properties over time is impossible because:

- 1) properties depreciate over time (the depreciation problem)
- 2) properties are renovated over time (the renovation problem) and,
- 3) except in very large markets, property turnover rates tend to be low<sup>1</sup> (infrequency of transactions).

Furthermore, properties vary immensely along several dimensions, many of which are extremely difficult to quantify. While the segmentation of the market in terms of location, size or age of property might be straightforward, controlling for quality of construction, customer appeal or level of comfort is less obvious. Nevertheless, Scatigna, Szemere and Tsatsaronic (2014) in the Bank for International Settlements' Quarterly Review reported that fifty-five countries produced property price indices in 2014.

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<sup>1</sup>Prasad and Richards (2006) report around a six per cent annual rate of turnover in any year in Australia and argue that the turnover rate in other countries is often lower.



A few methodologies have been developed in the literature for constructing real estate price indices. Each measure has benefits and shortcomings and varies in the simplicity of implementation and data requirements.

### *Simple and Stratified Median Price Indices*

The most commonly used method used in building housing price indices is the simple median of transacted prices at any point in time. However, the key drawback is that real estate's heterogeneous nature and the relatively small fraction of the housing stock traded in any period mean that a sample of housing transactions at any point in time may not be representative of entire housing stock. Changes in the simple median or mean price measures of traded properties therefore may not provide the best estimates of pure price changes as they may reflect compositional changes in houses sold between periods.

One of the simplest approaches to address the compositional problem in the construction of a real estate price index is to stratify the market into homogenous property types. Strata are defined by considering the balance of homogeneity of housing characteristics, and the number of observations required for producing a reliable median unit price. Two possibilities used in the literature are defining strata by price or by geography. Defining housing strata based on geography captures the notion that dwellings in a given area share amenities linked to the property's location.<sup>2</sup> Notwithstanding the stratification method used, the median price for all properties in a base period and subsequent periods is calculated and these prices are used to generate sub-indices. The median unit price for each stratum is then weighted to reach the overall price index. Additionally, since the distribution of unit prices in a stratum is positively skewed, the median price produces a more robust indicator than the mean value (EUROSTAT, Handbook of Residential Property Prices 2011).

The following limitations of stratification have been summarised by Diewert (2007): if there are too many cells in the stratification, there may not be

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<sup>2</sup>However, Prasad and Richards (2006) have argued purely geographical stratification is unlikely to divide houses into strata with the maximal feasible similarity in prices within strata.

sufficient number of transactions in any given period in order for an accurate cell average price. However, if there are too few cells in the stratification, then there will not be a sufficient number of transactions in any given period in order to form an accurate cell average price as the resulting cell averages will suffer from unit value bias, that is, the mix of properties sold in each period within each cell may change dramatically from period to period.

Prasad and Richards (2006) have demonstrated that the median prices can be made considerably more useful if taken from a stratified data sample compared to a single unstratified median taken from the entire data sample. These authors noted that the price clustering technique employed- clustering by price rather than geography – produced a measure of price growth that is highly correlated with a more sophisticated – but more computationally intensive – hedonic model with locational explanatory variables. Similarly, Hansen (2006) argued that it is possible to generate good estimates of short term price movements from median prices, if the medians are taken from an appropriately stratified data sample that is designed to address the key problem of compositional change.

Nevertheless, depending on the limitation of the quality of the database, the simple median price index has been used in many instances. For example, the Real Estate Institute of Australia, the U.S. National Association of Realtors, the Canadian Real Estate Organisation and the Real Estate Institute of New Zealand all publish house price data with simple median or mean data (Prasad and Richards 2008).

### **Appraisal Methods**

House price indices have also been constructed using appraisal data rather than actual transaction data. For example, Kaya *et al.* (2012) compiled and developed a stratified median real estate price index for Turkey using appraisal data sourced from commercial banks and real estate companies. The use of appraisal data was driven by the absence of actual transaction data and efforts were expended in standardising appraisal reporting forms. The choice of the median price method was arrived at after considering the repeated sales method, hedonic regression and sales price appraisal methods due to data availability and statistical applicability.

The sales price to appraisal method (SPAR) has been used in New Zealand, Sweden, Denmark and the Netherlands. The aim of the sales price to appraisal method is to develop an index with the qualities of the hedonic index, but one which is substantially easier to administer (Bourassa *et al.* 2004). The SPAR method relies on all transactions that have occurred in a given housing market, and hence should be less prone to sample selection bias; it uses official valuations or appraisals since the majority of houses sold during the current period would not have been sold during an earlier base period.

The equal weighted version of the index used was calculated as follows:

$$I_{Et} = \left\{ \left[ \sum_{j=1}^{n_t} (S_{jt}/A_{j0})/n_t \right] / \left[ \sum_{j=1}^{n_{t-1}} (S_{jt-1}/A_{j0})/n_{t-1} \right] \right\} I_{Et-1}$$

where  $I_{Et}$  is the equal-weighted index number for time period  $t$ ,  $S_{jt}$  is the sale price of property  $j$  during time period  $t$ ,  $A_{j0}$  is the appraised value of the property  $j$  as of the base or appraisal time period and  $n$  is the number of sales transactions.

### Repeat Sales Method

Another popular alternative is the repeat sales approach developed by Bailey, Muth and Nourse (1963). In this methodology, housing quality is controlled for by comparing sales of the same house across time. By utilising information on “identical” properties that trade in more than one period, the repeat sales method attempts to hold the quality of the properties constant over time. Thus, the price change considered is that of the same house over multiple instances.

Diewert (2007) noted that the main advantages of the repeat sales model are that results are reproducible and the availability of source data from administrative records on the resale of the original property means that no imputations are involved. However, the author also argued that this method does not use all the available information on property sales, but only those sold more than once during the period. Additionally, it cannot adequately account for depreciation of the dwelling unit or structure, or with units that undergo major repairs or renovations. The method may also fail due to lack of market sales for smaller categories of property. In principle, estimates for

past price changes obtained by the repeat sales method should be updated as new transactions information becomes available. Thus, the repeat sales method is subject to never ending revisions.

Silverstein (2014) also agreed that despite its popularity the repeat sales method also contains a number of pitfalls. Firstly, the sales price is not entered into the index until they are paired with a subsequent sale. Furthermore, repeat sales do not occur very often, so most of the transaction data are not used. In addition, houses with paired sales may not be representative of the housing market as a whole as cheaper “starter” homes tend to sell more often. Therefore, it is possible that the difference in composition for the new sales pairs is systematic across time, potentially leading to a bias in the index.

Nagaraja *et al.* (2010) also examined various repeat sales methodologies, considering their predictive ability and index structure. In addition to four repeat sales methods, they also consider an autoregressive index which makes use of the repeat sales idea but also included single sales as well. They ultimately favored a hybrid repeat sales/hedonic method compared with a number of pure repeat-sales methodologies.

### **Hedonic Method**

The hedonic method’s theoretical foundation is based on Lancaster’s (1966) consumer preference theory and assumes that market values are a function of set of separate “shadow” prices associated with the physical characteristics of the property. Its application rests upon the formulation of a regression model in which the dependent variable is the price of houses and the explanatory variables represent the quality of the dwellings that have a significant impact on price. In order to gauge the impact of a property’s characteristics on its price, property values are regressed on an OLS equation with various attributes (for example, the age, size, number of rooms, location, etc.). The coefficients of the attributes are estimates of implicit prices or hedonic prices. Of course, hedonic regressions are only as good as the data on housing characteristics that are available.

One example of the use of the hedonic price method was Browne *et al.* (2008) who utilised a regression model on list prices in Barbados to derive hedonic coefficients. The results found support for size, location and number of

bedrooms in deriving a house price index for Barbados. These authors also compared the results of the hedonic regression with those of an unstratified median index, and while they argued that the potential problems associated with the (unstratified) medium index were substantial, the two techniques delivered similar conclusions as to the evolution of the housing prices. One possible weakness noted in this study was the use of the parish variable as the control for spatial orientation, as arguably greater granularity was needed to capture housing clusters.

Langrin and Moulton (2016) also utilised a hedonic regression to construct a quarterly real estate price index for Jamaica. Their methodology used time dummy variables for specific transaction periods (a four-period rolling window) to estimate a single set of hedonic coefficients. The authors used the rolling window approach to overcome the problem of constant revisions to the index value. The coefficients of the time dummies provide the proportionate change in price arising from progress in time, having controlled for changes in property characteristics.

### **Historical Perspectives**

Barbados is a small island that is divided into eleven sub-regions or parishes. Originally, parishes were administrative units associated with the island's Anglican Church and were governed under the vestry system. The final set of parishes was introduced in 1640s, and parish boundaries finalised in 1721. Therefore, there may be some questions on the relevance of these parish units, especially in light of the centralisation of governmental functions in the post-independence period and the abolishment of the vestry system. Nevertheless, the division into parishes allows for a greater degree of understanding of the Barbadian housing market than could be derived by solely focusing on the island as a single unit.<sup>3</sup> At a minimum, the parishes can be divided in what were historically the more developed coastal parishes of St. James, St. Michael and Christ Church and the rural parishes in the island (Watson and Potter 2001).

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<sup>3</sup>The parish vestry system persisted into the early 20<sup>th</sup> century. Each vestry was allowed to levy taxes on land (the major source of revenue), buildings, animals, vehicles and Anglican Church pews of its particular parish (Richardson 1985). Out of this revenue, church maintenance, road repairs, and almshouses were funded. A vestryman ensured those parish funds were not used to support the persons outside the district's boundaries who were financial responsibility of others.

Echoes of the old plantation system remain in Barbadian housing patterns. In the immediate post-emancipation period, the newly freed laborers became tenants on their masters' land. By the end of the nineteenth century, the planter class retained 90 per cent of the land in Barbados (Watson and Potter, 2001). Mass property ownership was due in part to the near collapse of the agricultural/sugar industry, the influx of "Panama money"<sup>4</sup> and the passage of various pieces of legislation, particularly the Tenancies Freehold Act and its revisions.

The spatial dominance of the coastal parishes, which initially stemmed from the success of colonial Bridgetown – the island's capital – as an *entrepôt*, has continued to the present day. The 1980 census revealed that 78 per cent of the Barbadian population resided in the five south-western parishes of St. Michael, St. George, St. James, Christ Church and St. Philip. Similarly, the results of the 2010 census indicated that the housing stock in Barbados consisted of 94,173 units with 78.4 per cent of housing units in these five parishes.

One interesting feature of the Census data is the increasing proportion of houses that are listed as "unoccupied". By 2010, this proportion was (16.2 per cent) almost double the 1990 baseline of 8.5 per cent. The increase in unoccupied housing was consistent across the parishes although the magnitudes were different. This trend may have been driven by a combination of demographic factors as well as an increasing proportion of Barbadians obtaining housing as an investment good.

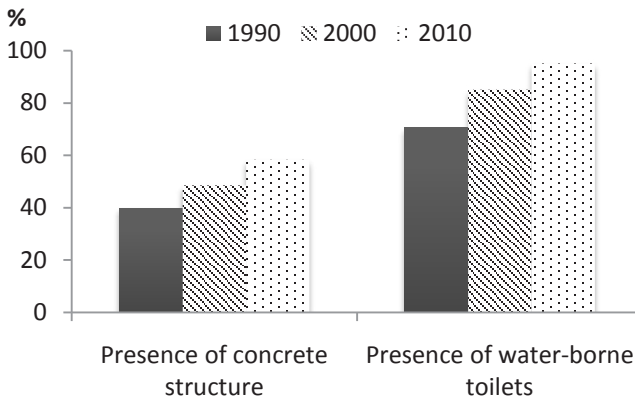
An analysis of the three (3) most recent censuses (1990, 2000, 2010) indicates an overall improvement of the quality of the total housing stock over time as evidenced by the increasing proportion of housing with concrete-based structures (compared to wooden) and the presence of water-borne toilet

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<sup>4</sup>Almost 45,000 Barbadian men and women – one quarter of the island's population – visited the Isthmus of Panama over the decade following 1905 (Richardson 1985). The effect of earnings from the Canal were transformational. The sugar bounty depression had loosed the private planters' grip on the land. While data is limited, from an estimated 8,500 small proprietors with 10,000 acres in 1897, the number of small holders increased to 17,731 by 1929 Richardson (pp. 189). Richardson further notes that under the influence of Panama money, rural blacks invaded the city with enough remitted cash to make down payments for house plots, and urban streets that were formerly deserted became lined with chattel houses from the countryside (pp. 191).

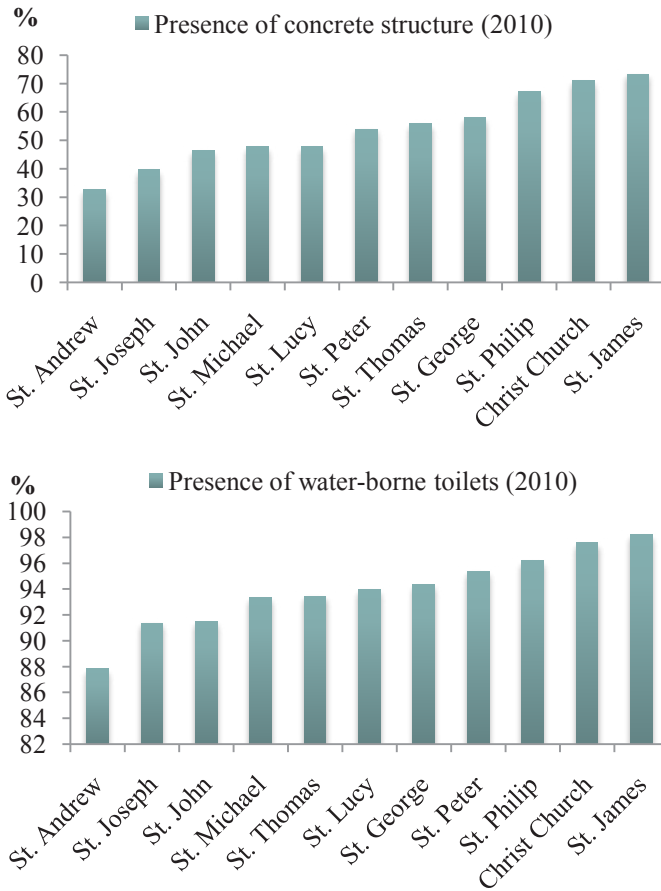
facilities (Figure 1). The proportion of homes made of stone, brick or concrete expanded steadily from 39.7 per cent in 1990 to 58.4 per cent by 2010. As in the case of most quality variables, geographic differences were very evident with Christ Church retaining the highest proportion of wall houses (71 per cent) compared to St. Andrew (33 per cent). A similar pattern follows for indoor water-based toilet facilities; while this characteristic improved over the entire country, the coastal belt parishes (Christ Church and St James) were the most significant contributors. Interestingly, St. Michael, home to the capital of Bridgetown, had a proportion of non-water borne toilets that was actually above the island's overall average, reflecting the persistent pockets of poverty within this parish. In addition, St. Michael continues to be the most densely populated parish in the island (Figure 2). These differences between parishes suggest that the population of transactions will also differ between parishes, which the authors intend to examine as an avenue for future research.

**Figure 1a: Proportion of Housing in Barbados with Selected Characteristics**



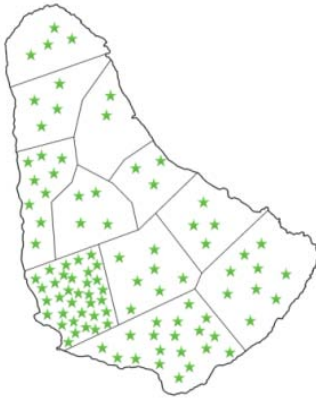
Source: Barbados Population and Housing Census 1990, 2000, 2010

Figure 1b: Proportion of Housing in Barbados with Selected Characteristics



Source: Barbados Population and Housing Census 1990, 2000, 2010



**Figure 2: Distribution of the Population by Parish (2010)**

Source: Barbados Population and Housing Census 2010

## Data

The data employed in the study were obtained from the Barbados Revenue Authority (BRA) and covers each transaction or property transfer that is filed with the Government of Barbados' Land Registry Department (LRD) between 1990 and 2014. Included in the dataset is the respective transaction date (date agreed), the date conveyed, the date the transaction is filed at the Land Registry, the transaction price, the size and existing use of the property, the location of each property transfer, whether the sale includes or excludes a structure and the nature of the structure (residential, commercial, apartment etc.).

An accurate measure of price in a given market should ideally be linked to the actual sale or transfer of a property at an agreed price between the parties involved at the date on which the agreement was made. However, given that the origin of the data is the LRD, the Barbados Revenue Authority's data captures property transactions as they are filed. Consequently, there are three possible dates that could exist for a particular transaction: the 'date agreed' is the date the parties agreed on the terms of the sale by the vendor; the 'date conveyed' represents the date on which the legal title was transferred to the buyer; finally, 'the date filed' is the date the transaction was filed and recorded at the LRD.

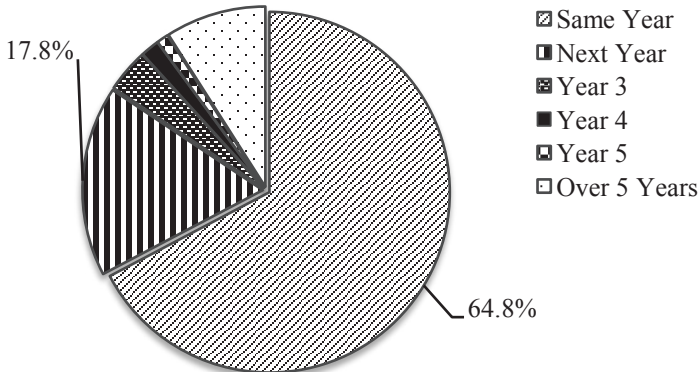
Figure 3 illustrates that in about 65 per cent of property transfers the ‘date agreed’ and ‘date conveyed’ were in the same year on average, with another 18 per cent, being conveyed the following year. Additionally, while the majority of property transactions are filed within the year of conveyance (70 per cent), 23 per cent are filed the following year, and another 3 per cent two years after. The remainder is filed many years after in some instances; for example, some transactions from 1989 were only filed in 2006. There is no existing legislation which details the time period within which the property should be filed with the LRD.

For the purpose of this study, the ‘date agreed’ was utilised’ in estimating the real estate price index. However, it is noted that information relating to transactions not yet filed will always be missing from the dataset at any given point in time. This characteristic would be more significant for the most recent year(s) available.

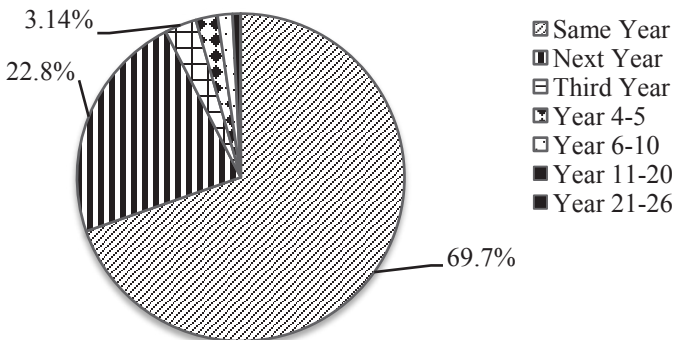
The initial data set under consideration consisted of 53,028 individual transactions; however, significant adjustments were made to facilitate the estimation of the index. For 11,645 entries there was no information on the “year agreed” variable resulting in a contraction of the sample to 41,383 transactions. Another adjustment was the elimination of outliers. Low and high cost thresholds were determined by examining box plots of the unadjusted data. These outliers were especially pervasive in the land (only) transactions which featured thousands of transactions which had a very low or zero cost. Discussions with the BRA indicated that these transactions could represent gifts - “deed of gifts” or low cost transactions - which represented subsidised transfer of titles due in some cases to family relationships or the Tenancies Freehold Purchase Act. These can also represent transactions for drainage, road reserves and open areas or shared spaces that were allotted by developers to owners who purchased property in their development. High cost transactions were similarly eliminated (greater than BDS \$100 per square foot) as these largely appeared to represent errors in terms of amounts of the area or the measurement unit under which the area was recorded. The net result in either case appeared to be inordinately large unit prices. However, one consequence of applying the high cost filter is that it eliminated some high (cost)-end type properties in Barbados’ tourist belt. In ten (10) instances the date agreed was listed as older than the date conveyed. In these instances, the date agreed was replaced with the date conveyed.

**Figure 3: Average Time for Completion of Property Transfers**

*Source: Barbados Revenue Authority*



**Agreed Date vs. Conveyance Date**



**Conveyance Date vs. File Date**

*Source: Land Registry Department*

The overall result of these adjustments was a reduction in the sample of land transactions to 21,489. A similar process reduced the housing prices transactions to 8,648. There were also some inconsistencies in the data, such as a fairly complex mix between the measurement units – metric versus various imperial units– which were all rectified prior to estimating the index.

Figure 4 illustrates number of properties which changed ownership over the period.<sup>5</sup> Panel A depicts these volumes for properties with a structure,

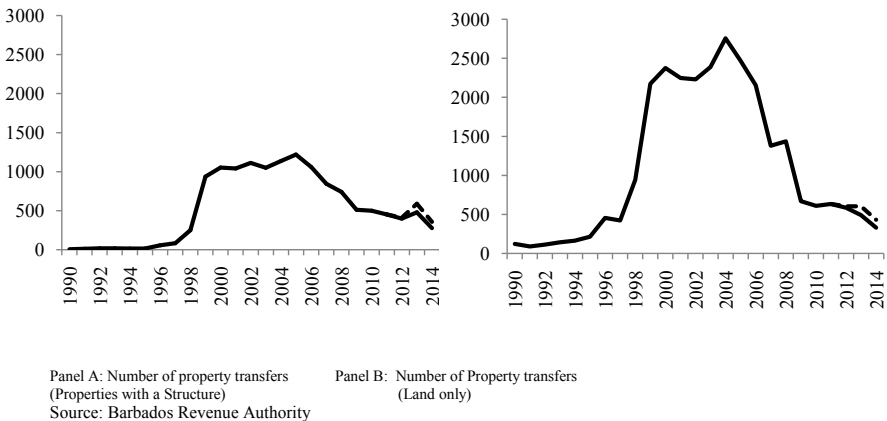
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<sup>5</sup>Transaction volumes are based on the un-adjusted data set.

while Panel B illustrates number of transactions for land (only). As noted previously, while the most recent years may be understated due to missing data, an analysis of file dates versus conveyance dates revealed that the relationship remains quite stable over time, with 69 per cent occurring the same year, 92 per cent by the following year and so on. To correct for this bias, an adjustment was made to the data in the latter years using this relationship, as illustrated by the dashed line in the charts.

Prior to 1995 the volume of property transactions with structures, “housing transactions”, was negligible. After 1997, the volume of transactions rose significantly, before peaking in 2007. Thereafter, the series has shown a fairly consistent decline in transactions, notwithstanding a brief revival in 2013. Between 1990 and 1996, the volume of property transfers without structures (land only transactions), remained quite flat, averaging 125 per year over the period. By 1999, these had reached 2,177 transfers and continued to climb until 2007. However, since 2007, there have been substantial declines in the number of transactions being filed, with 2014 estimated to have 786 transactions in that year. For both series, the pattern over the period remains quite similar in both cases, as illustrated in Figure 4.

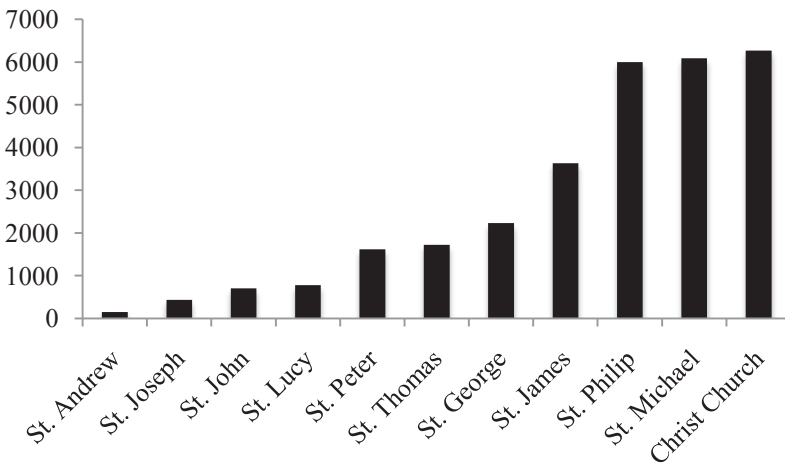
**Figure 4: Number of Properties which Changed Ownership (1990-2014)<sup>6</sup>**



<sup>6</sup>Dashed line illustrates the bias adjustment given that data for latter years tends to be understated given the inherent lag in filing of conveyances

The majority of transactions filed over the period relate to properties situated in the south-west or more sub-urban parts of the island; on average, 74 per cent of these properties were located in four of the eleven parishes. Figure 5 illustrates this proportion of property transfers by parish over the sample period, and further examination of the data for individual years revealed only modest variation in the geographical dispersion of transactions between 1990 and 2014.

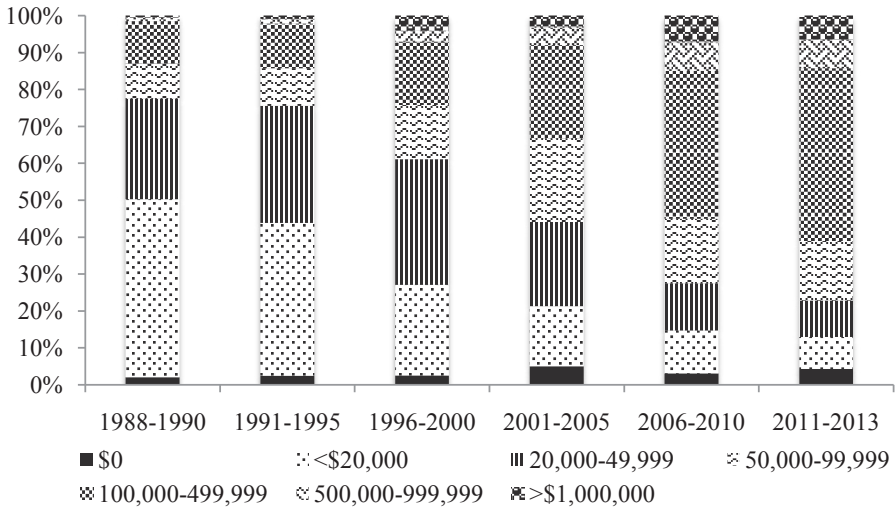
**Figure 5: Number of Properties which changed Ownership by Parish 1990-2014**



Source: Barbados Revenue Authority

Figure 6 depicts the composition of property transfers by transaction price and indicates an overall redistribution of the average price of properties filed over time. In the 1988-90 period, 48 per cent (the largest category) of property transactions were in the ‘less than \$20,000’ range, followed by the \$20,000–\$49,000 category which captured 27 per cent of transfers. Properties greater than \$500,000 accounted for just 1.5 per cent of all transactions. In contrast, by the 2011-13 period 47 per cent of ownership changes were for properties were between \$100,000 and \$499,999, while properties greater than \$500,000 accounted for almost 12 per cent. Moreover, the over \$1 million category is now being featured at 6 per cent in 2013, while it was less than 1 per cent in 1988.

**Figure 6: Proportion of Properties which changed Ownership by Transaction Price**

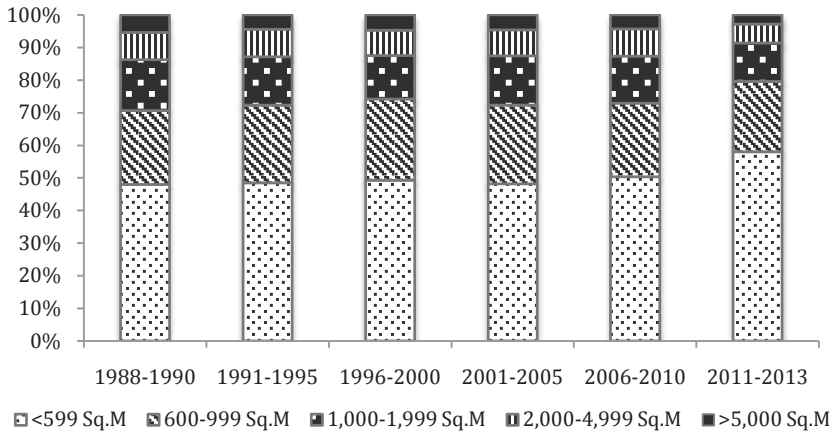


Source: Land Registry Department

This shift in the distribution of transaction prices observed indicates to some extent the degree of increase of property prices over time. However, constructing a true measure of property prices is quite challenging due to the sporadic nature in which these transactions occur, and more importantly, is dependent on the characteristics of the properties under consideration (for example size) and how these have changed over time. Figure 7 indicates that the relative proportions of transactions of a particular size<sup>7</sup> remained quite stable over time, with majority of the properties being characterised by the smaller sized bands. On average, 50 per cent of transfers were for properties less than 599 square metres (6,448 square feet), while another 25 per cent represented those between 600 and 1000 square metres (10,764 square feet).

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<sup>7</sup>Size here refers to the land area of the property.

**Figure 7: Proportion of Properties which changed Ownership by Size**

Source: Land Registry Department

The relative stability of the distribution of the transaction area combined with the growing shift towards higher priced properties once again points towards an overall increase of prices over the period. However, other characteristics of the property should also be considered, such as the size and relative quality of the structures over time, including the number of rooms.

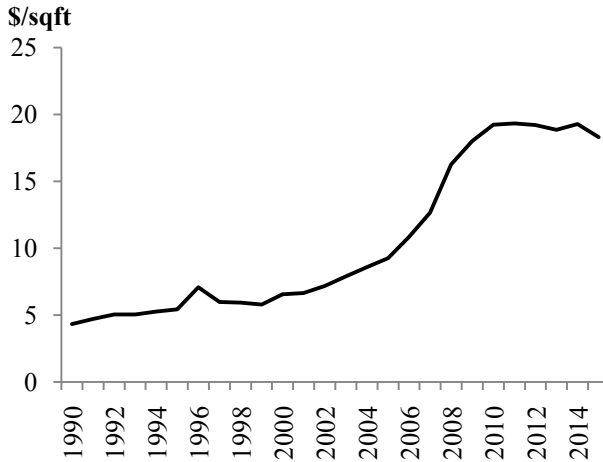
### Estimation and Results

This paper set out to estimate an appropriate model for constructing a real estate price index for Barbados. Given that less than one per cent of the housing stock has historically been traded during any particular year, the repeat sales method – which is dependent on repeat sales of an identical unit – would be impractical to implement. Additionally, the dataset provided by the BRA does not contain sufficient characteristics of the houses sold on the market rendering a hedonic index problematic to derive. The data cleansing exercise constricted the useable sample significantly, making stratification impractical. Consequently, the simple median price approach was utilised to estimate the real estate index for this study. While it is evident that the housing stock improved over the period, the authors do not believe that these improvements would be fatal to the usefulness of the index.

The median price was estimated for land (only) transactions, as well as for properties with a structure. The median is an ordinal measure of central location and represents the middle value when the data sorted in an ascending order. The R programming language was used to first subset the transactions into years and subsequently to calculate the median price for each year of both house and land transactions.

The results (Figure 8) indicate strong price trends that are in accord with conventional wisdom associated with the Barbadian building boom, but several subtleties were also revealed.

**Figure 8: Estimated Median Prices for Land (1990-2014)**



Source: Barbados Revenue Authority Data and Authors’ Calculations

Land prices grew steadily between 1990 and 1995, averaging 4.7 per cent growth per year and reaching \$5.44 per square foot by 1995. Between 1996 and 2001 land prices also drifted higher resulting in average growth rate of 4.5 per cent per year. However, an almost exponential growth rate occurred between 2002 to 2008 – growth averaged 13.4 per cent per year and resulted in land prices reaching \$16.30 per square foot. After 2008, growth slowed before leveling to a peak in 2010, and stagnated or declined slowly thereafter. The volumetric data (measured in terms of number of transactions) also supports the building boom hypothesis: volumes expanded steadily after



1995 but grew explosively between 1999 and 2006 (Figure 4). Volumes fell fairly sharply after 2006 but were still well above historic level between 2006 and 2008. After 2008, volumes fell steadily and by 2014 the volumes were similar to those of 1996.

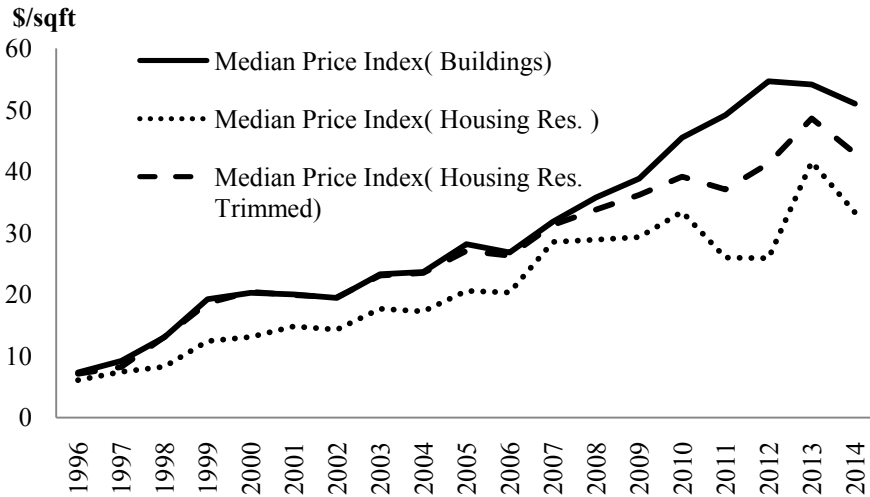
A similar story is conveyed for properties with a structure (Figure 9). In this case, due to the much smaller volumes of transactions in earlier periods, the analysis started from 1996. Three measures of the index are presented. The first, *median price index (buildings)*, does not distinguish between commercial and residential structures in deriving the index. Secondly, since this is likely to be distortionary due to the generally unique features of commercial properties, the *median price index (housing res.)* was derived to include only properties which were classified as at least residential. Finally, a third series was derived, *median price index (housing res. trimmed)*, which removed what were considered to be outliers (extremely low- or high-valued transactions), non-market transactions or simply errors.

This final (preferred) indicator suggest that the median price of properties with a structure in 1996 was \$7.14 per square foot.<sup>8</sup> Between 1996 and 2014, the average price rose by 10.5 per cent per year to reach \$36.63 per square foot. Prices grew erratically except for 2001-2002, 2005, 2011 and 2014, when they declined. The 2001 to 2002 period are unsurprising given Barbados' recession around that time and similar price declines post-2009 were also expected. What is surprising is the magnitude of some of the price increases: between 1996 and 2000 – a period of five years – the price of residential housing essentially more than doubled. Prices again doubled between 2002 and 2010, and then rose by nearly 30 per cent between 2011 and 2013 before falling by 11 per cent in 2014. In comparison, transactions volumes were particularly strong between 1999 and 2006, but tended to decline steadily thereafter. By the end of 2014, transaction volumes were around the 1998 levels (Figure 4).

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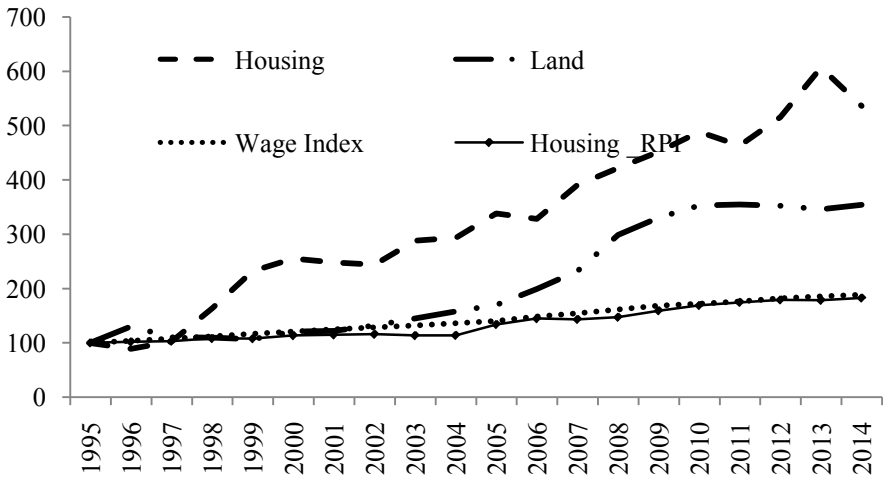
<sup>8</sup>All currency is reported in local Barbados dollars.

**Figure 9: Estimated Median Prices for All Structures, and Residential Housing (1990-2014)**



The strong rise in these real estate asset prices can be compared to the retail price index for goods and services over the period (Figure 10). All series were indexed to 1995 to achieve a common base year. Whereas the retail price index rose by 100 per cent between 1995 and 2014, the land prices rose by over 350 per cent and housing prices rose by over 500 per cent. The sub-component of the retail price index capturing housing cost (*housing\_RPI*) conveys a similar story to the general retail price index (not shown). However, the overall wide divergence suggests that the RPI housing sub-index may not accurately reflect the movements in the cost of housing faced by the population, while the wage index also lags the indicated growth in property prices.

**Figure 10: Barbados' House, Land, Retail Price and Wage Index Compared**



Source: Barbados Revenue Authority, Authors' Calculations and Barbados Statistical Service

As with other developing countries, the issue of housing affordability in Barbados remains central to Government's ability to meet the basic demands of its constituents. In addition to historic inequities arising from Barbados' colonial past, the rapid rise of land and housing prices in the 1990s in Barbados relative to average wages continues to present a powerful rationale for some mode of intervention in the provision of affordable housing in Barbados.

**Conclusions**

Given the importance of the real estate market to the health of the financial system and overall economic activity, this study sought to estimate areal estate price index for Barbados. Due to inadequate repeat sales, and the limitations of the data as it relates to the characteristics of properties transacted, a median price index was considered most appropriate and was constructed separately for land (only) transactions and property transfers with a structure.

The results indicate that land prices grew modestly over the period 1990 to 2001. Between 2002 and 2008, there was significant acceleration in growth,

which levelled off thereafter and started to decline after 2011. For properties with a structure, a similar story was conveyed with prices increasing over the period, but falling off during 2014. The results strongly support the notion that residential real estate prices rose rapidly during the building boom years of the 2000s and even continued to increase immediately after the Barbadian economy went into recession in 2009, although transaction volumes had already started to decline.

While an increasing proportion of wealth in Barbados is tied to the health of the real estate market, the recent low levels of transactions makes the underlying security of that wealth more tentative. The resistance of prices to declines in transaction volumes point to the specific characteristics of the Barbadian market (high population density relative to the island's size, easy accessibility to real estate by foreign buyers, and the reported long foreclosure procedures) which may ameliorate a more rapid price adjustment. That said, two countervailing trends would be the increasing proportion of houses which are unoccupied (and presumably either abandoned or investments), and the low transaction volumes of recent years. While prices have held their own, the volume of transactions has shown itself to be markedly more sensitive to changes in the market suggesting that consistently monitoring this metric would be useful in terms of analysing the health of the real estate market. However, whether the current low volumes imply a further in fall prices rather than the stagnation or modest decline seen to date, remains to be seen.

The authors acknowledge the limitations of this index, specifically its inherent bias relating the improvements in the quality of the housing, both temporally and spatially. Improving the estimates will require a significant improvement in the capture of the characteristics of the housing units entered in the Land Registry and Barbados Revenue Authority's databases. This would allow researchers to address potential biases that may emerge in the use of simple, non-clustered median indices. It would also permit the construction of a hedonic index to control for individual characteristics as estimated in Langrin and Moulton (2016), a study which may be considered as the current benchmark in English-speaking Caribbean area.

Despite the limitations of the data and methodology employed, the results reinforce the need to monitor real estate prices separately from the general retail price index as there emerged some degree of evidence of a real estate

bubble in terms of the growth in prices of these assets. In Barbados' 2015 Financial Stability Report, it was noted that an increasing proportion of the NPLs are in fact mortgages making the value of the underlying real estate based collateral crucial in terms of the eventual resolution of these loans and the overall performance of the financial system.

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## **Coloniality of Power: Subjugation and Inequality in Post-Britannica Dubai**

Paul Thompson  
*University of Kwa-Zulu Natal, South Africa*

### **Abstract**

This article grapples with the interconnected and intertwined, yet contrasting lived realities of Dubai's Western and non-western diasporic communities. As modernity accelerates in the city, it has been accompanied by the racial/ethnic "hierachisation" of the population. Arabs from the Gulf Cooperating Council (GCC) states, as well as Euro-Americans are atop of the city's multi-layered hierarchy. Whilst at the bottom of the racial hierarchy are migrant labourers from Africa, Asia and other Arab States who are subjected to exploitation and subjugation. The article posits that Anibal Quijano's coloniality of power has emerged as an exemplifying concept for contextualising racial formation and subordination in Dubai. Empirical evidence obtained from semi-structured and informal interviews conducted across Dubai's diasporic communities in the city, is used to support this proposition. The conclusion drawn is that Dubai fits into the canon of thought which is based on a Euro-American practice of racial hierarchy, superiority and subjectivity.

**Key Words:** capitalism, coloniality of power, diasporic, exploitation

## Introduction

Dubai is one of the seven Emirates/Sheikhdoms that make up the United Arab Emirates (UAE), located in the eastern part of the Arabian Peninsula (Ramos 2009). The Sheikhdom is strategically placed, as it “lies at the confluence of the Middle East (ME), Asia, Western Africa and Central/Eastern Europe with some unique advantages” (Balakrishnan 2008, 63). Much has been written describing the expansive and rapid spatial transformation of the once underdeveloped and marginalised Sheikhdom of Dubai. In light of the city’s recent rapid socio-economic development; one of the most frequently raised questions by academics, observers and residents in the city-state is, can Dubai manage to maintain its present developmental trajectory? As a point of departure, this study diverges from the one-dimensional preoccupation with this question. This is because such pre-occupation ignores, the more fundamental issues of racial hierarchy, inequality and subjugation of some of Dubai’s diasporic communities.

The over-arching objective of this study is to delve into the city’s post-Britannica racial/ethnic dynamics that has escaped sufficient critical analysis. Such racial dynamics are underpinned by matrices of unequal power relations and subtle domination. In discussing the presence of asymmetrical power structure, amongst and within the various diasporic communities from core-periphery societies in the city; this study positions the narrative within “coloniality of power” concept. Conceptually, it encapsulates and speaks to the dark side of Dubai’s transition from traditional to modernity via global capitalism. In applying the concept of “coloniality of power”, an insight is provided into the lingering canon of thought by some observers as to why some of the Emirate’s diasporic communities succeed economically, and others remain marginalised and exploited. The assertion here is supported with empirical evidence in the body of the study, which shows that the stratification of Dubai’s, Euro-North American model of modernity has a colonial air to it, and is primarily characterised by cheap, racialised, and exploitable labour from peripheral societies. For example, Neha Vora recounts how Indian (Dubai’s largest diasporic community) respondents to her survey highlighted that:

...it is the Westerns, or the ‘goras’ a Hindi-Urdu word for whites who are to be blamed for the heightened levels of racialisation and marginalisation of Asians and Africans in the society. And as



a result the Indian diasporic communities have developed racial consciousness due to their collective experiences of systematic discrimination in the Emirate (2013, 117).

What is patently lacking in Vora's work, and others such as Lognva (1997) and Kathiravelu (2016), is their failure to address the pervasive racism and subjectivities demonstrated by Indians towards Pakistanis, Africans, Nepalese and Filipinos. Paradoxically, there is a tendency in the Indian community to elevate the so-called "goras" who are blamed for systematic racism in the Emirate. It is partly for this reason that this paper diverges from other discourses, such as American imperialism and authoritarian political structures in the region, and focuses exclusively on the concept of coloniality of power. Thompson (2013) believes that coloniality of power, which is dealt with below, lies at the epicentre of modern Dubai's matrix of social and economic order.

The paper is structured in seven thematic sections and proceeds as follows. In the first thematic section, it argues that Dubai has evolved as a global contact zone for various diasporic communities; the second thematic section focuses on Quijano's coloniality of power as the article's conceptual framework. In the third section, Dubai's multi-layered racial hierarchical structures are explained. The fourth and fifth sections drawing on empirical evidence from semi-structured and informal interviews unpack and explain the manifestations of economic and social inequality on the basis of racial discrimination in Dubai. The sixth section of the article focuses on and explains why coloniality of power can be viewed as an emergent theory to explain the racialisation of Dubai's diasporic communities. The last section concludes the article.

### **Global Contact Zone**

Dubai's rapid socio-economic transformation has attracted into the Sheikdom, an expansive movement of transnational corporations and diasporic communities; consisting of expatriate labour from Europe, Africa, Asia, the Americas, Australia, New Zealand, Turkey, the Caribbean and other Arab States. Within a generation, the once sparsely populated Sheikdom of Dubai has become a melting pot of close to two hundred nationalities and many more ethnic sub-groups. Such multiplicity of nationalities and races/ethnicities makes Dubai "one of the most ethnically diverse nation-states

or city-states globally” (Global Compact International Yearbook 2009, 61). The pluralistic structure of the city’s demographics, which consists of four-fifths foreigners or non-Emiratis, is not a monolithic bloc; it is instead deeply stratified, not just by education and economics, but also by aesthetic identities.

Similar to other contact zones in the Arabian Peninsula such as Qatar, Saudi Arabia and Bahrain, the historicity of the former Trucial State of Dubai is marked by unequal power relations. As Riter (2013, 1) puts it, the Arabian Peninsula represents the “...epitome of imperialism, hegemony and dependency.” Riter’s reading of the asymmetrical power relations in Dubai does not for instance encapsulate cross and intra-diasporic gender inequalities, cultural and economic globalisation. Ramos, amongst others has reminds us that in order:

...to understand Dubai’s modern history since its founding in 1833, one must go further back in time to explore the regional history that frames its foundation. European powers, beginning with the Venetians, and then subsequently, the Portuguese, the Dutch, and finally the British, were interested in the Gulf region as a means to secure trade routes to and from the Indian subcontinent and points eastward (2009,1).

Essentially, as a socio-economic unit, contemporary United Arab Emirates and Dubai in particular, has metamorphosed from the global periphery, as an impoverished society, into a prosperous multi-cultural global contact zone. The conglomeration of a large bloc of diasporic communities from the North-South divide, transcending races and ethnicities in Dubai’s socio-geographical space; has created a society which Michael Neocosmos refers to as a society of foreign natives (Neocosmos 2010). From such cocktail of nationalities, ethnicities and racial structures is the emergence, over the last thirty years, of a highly racialised hierarchy that is infused with global coloniality and socio-cultural binaries. The demographic characteristics of Dubai and the UAE in general are not shaped by colonial settlers and their descendants. As El-Sanabary (1992) and Rizvi (1993) have recounted that neither the former Trucial States nor the newly formed UAE was a colony. Heard-Bey contextualises the relationship between the former Trucial States and the British, by highlighting that:

...the Trucial States were previously absorbed into the British orbit by a system of protection agreements between 1820 to 1971, which was then deemed necessary in order to best pursue particular objectives of the day (2001, 101).

It is thus, safe to allude that the former seven Trucial States were nothing more than political foci units of British imperialistic foray in the Arabian Gulf. During that period under British protection, the overall welfare of the local Emirati population was neglected, on the basis that it was not the primary objective of the British government. This is not surprising, as the British imperial design was premised in part on racial 'inferiorisation' and subjugation of their colonial subjects. History seems to be repeated in the Sheikdom, as an emerging multi-racial/ethnic social and professional elites (including local Emiratis) have re-activated the practice of overt racial/ethnic discrimination, once practiced by the former imperial protector. Importantly, a large number of these ethnicities or racial groupings historically and spatially were, and still are geographically, separated, but are now in contact with each other, based on a number of socio-political and economic reasons.

It is significant to highlight that notwithstanding the asymmetrical power relations and racialised identities, violent and antagonistic provocateurs have not emerged within the city. For this reason, "the UAE and Dubai in particular, is deemed to be a multi-cultural model nation, where people of various races, ethnicities and religions live in a peaceful environment" (Al Subaihi 2012, September 19). Intriguingly, Dubai has not experienced the logic of inter/intra-racial or ethnicity violence due to systemic exploitation of some members of its divergent diasporic communities. Vora (2013) ethnographic study of Dubai provides a possible explanation, in noting that the city's spatially and racially classified diasporic communities are in a state of "permanent temporariness". One of the peculiarities of Dubai, as a global contact zone, is that for the city's ephemeral diasporic groups, there is little prospect of being granted citizenship or permanent residence. This is one of the most significant factors, it can be argued that contributes to this feeling of "permanent temporariness".

### **Coloniality of Power: Theoretical Framework**

This study is positioned within, and draws on, "coloniality of power" as its' conceptual framework. As a starting point conceptually, coloniality is

described by the Peruvian sociologist Quijano (2000, 342) as “one of the specific and constitutive elements of the global model of capitalist power. It is based on the imposition of a racial/ethnic classification of the global population as the cornerstone of that model of power, and it operates on every level, in every arena and dimension of everyday social existence, and does so on a societal scale.” In support of Quijano’s articulation, Grosfoguel (2002, 205) underscores that “the dynamics of coloniality are characterised by the continuity of colonial forms of domination after the end of colonial administration.” In line with both Quijano’s and Grosfoguel’s enunciations Ndlovu-Gatsheni (2012b,423) goes further by emphasising with specificity that the ubiquity of: ...global coloniality lies at the centre of the making of the modern/colonial world of yesterday and today, where Europe and America are at the apex of global power hierarchy and Africa is at the bottom. Coloniality of power is one of the three binaries of coloniality as outlined below:

- (1). Coloniality of Power: which enables one to critically engage with asymmetrical global power structures that continue to dominate the world
- (2). Coloniality of Being: which enable us to “visibilise” the racial hierarchisation and classification of human beings according to race
- (3). Coloniality of Knowledge: which enables us to delve into the question of knowledge that is dominant and its consequences. It also enables us to see how other “knowledges” have been pushed to the margins opening the way for capitalist thought as the only relevant thought.

The concept of “coloniality of power” was initially articulated by Quijano (1991, 1993, 1998, and 2000) to explain the history of racial formation in Latin America, subsequent to the arrival of Europeans in the 15<sup>th</sup> century. Coloniality of power is described as “the invisible matrices that involve control of subjectivity and epistemology, gender and sexuality; authority and power; labour and economy; religion and rituals as well as all other social aspects of human existence in favour of the Western world and the needs of white people” (Quijano 2007, 171). Ramón Grosfoguel provides further insights by noting that “coloniality of power refers to a crucial structuring process in the modern/world-system that articulates peripheral

locations in the division of labour, subaltern group political strategies, world migrants' inscription in the racial/ethnic hierarchy of metropolitan global cities" (Grosfoguel 2002, 205). Other scholars such as Mignolo (2001) and Maldonado-Torres (2004 and 2007) have all made major contributions to the coloniality thesis. In essence, Eurocentric model of racial hierarchical classifications, and positions of privileges as complimentary processes, are constituent parts of coloniality of power and cannot be separated from it. Within the context of this study, coloniality of power speaks to the continuities of colonial thinking and the worldview of Euro-North American values of subjugation and exploitation of Dubai's non Euro-North American diasporic communities.

In Dubai, as it is in other regional states, there is a visible differentiation in the lived realities of the various diasporic groups that constitute the population. Collapsing the labour market and residents of Dubai into groupings of Emiratis, Indians, Pakistanis, Americans, Filipinos, Lebanese, British, Germans, South Africans, Jordanians, etc., results in the creation of racial classifications that have a colonial provenance. Such classifications, ontologically have rendered former colonial subjects, now colonial migrants, especially from the peripheral south (except white South Africans) as inferior human beings. Despite the visible and pervasive racial/ethnic discrimination in the city, there are those within the society who would want residents and critics to believe that this is simply an expansion of class formation across Dubai's diasporic communities and the attendant exploitative caricatures that come with such process. Thus, it is not surprising when Dabashi, a noted Middle East scholar, argues that "the epistemic condition of the 'state of coloniality' has finally exhausted itself in the region" (Dabashi 2012, 10).

This is countered in this study, as the colonial matrix of power was never overcome by the postcolonial project and narrative. Empirical evidence presented in this study contradicts such a view. Wai Kit Choi sums it up most aptly in stating that:

...the persistence of colonial practices indicate the continuity of a hegemonic ideology amongst the power elites through the epistemological reproduction of the class relation between capital and wage labour as well as a stable institutional environment for market exchange which is closely tied to the colonial infrastructure (Choi 2007, 396).

Thus, as a disruption of the standard discourse on or the one-dimensional preoccupation with Dubai's pathway to prosperity, this study makes the point that the spread of global capitalism in Dubai has contributed to "the reconstruction and the restitution of colonial cultures, repressed subjectivities, subalternised knowledges and languages performed by an inter-racial social-economic class in the name of modernity" (Mignolo 2007, 451). It is therefore not surprising that as Dubai transitions from the traditional to modernity, it has become entangled in colonial type matrices of power that underpin the developmental trajectory of the city. Thus, by extension the lived experiences of Dubai's local and expatriate communities have become entrapped in various forms of "colonialities" and specifically, the coloniality of power. The coloniality of power that is addressed in this article manifests itself in the socio-cultural and economic spheres.

It is important to highlight that, despite the structural shortcoming of the concept, in that it overlooks intra-racial, intra-ethnic "hierarchisation" and exploitation, it is nonetheless a very useful instrument in helping to unmask contemporary post-independence racial dynamics amongst and within the diasporic communities in the UAE and Dubai in particular. The conceptual short-coming is explicable, as it was framed to provide a critical analysis of the continued classification and racialisation of the world's population solely from a colonial experience perspective.

### **Racial/Ethnic Hierarchies in Dubai**

The troubling question of "race or ethnicity" remains deeply embedded in the era of post-modernity, economic, cultural and racial globalisation. In this article, race has been chosen as the medium to explain and analyse the political economy of subjugation and exploitation in Dubai. Any attempt at understanding "colourism", or racial/ethnic hierarchy of diasporic communities presently in the United Arab Emirates, should start with an interrogation of the history of slavery or the indentured system of labour in the former Trucial States (now UAE). Longva's (1997) ethnographic study on the Arabian Gulf States highlights continuities or parallels between Dubai's racialised indentured system of pearl divers of old and today's influx of unskilled and semi-skilled guest workers primarily from South Asia. Longva decrypts that the social structures of Dubai's pre-oil economy which was based in part on a system of labour exploitation remains firmly in place and act as the catalyst for the development of the city's oil and

post oil economy. For Mapaderun (2016), the Middle East (including Dubai) has an extremely rich history of transnational interactions of individuals, which has created a social architecture that is highly stratified, segregated and racialised. Kathiravelu (2016, 13) concurs in suggesting that “it has been widely known but rarely publicly acknowledged that Dubai has a history of exploitation and slavery.”

Race/ethnicity and nationality are unquestionably two of the most important and formalised tenets of social differentiation in modern Dubai. The society has been neatly partitioned into non-homogenous multiple racialised layers with competing and complex identities. The first layer consists of various nomadic and tribal Emirati Arabic groups whose ancestors “...arrived in the area during successive waves of population movements that brought Arab tribes from Yemen via Oman, as well as by way of central and northern Arabia” (Heard-Bye2001, 101). The newly constructed Emirati identity is often positioned to be superior, which has contributed to the rise in systemic discrimination within this post-independence epoch. The social nobility or racial/ethnic chauvinism is demonstrated by the exclusive wearing of the “dishdasha” (national dress) by male UAE citizens, which also acts as a social marker of power and enfranchisement. The second layer consists of the city’s Euro-North American residents who arrived to occupy positions of privilege within domestic and transnational corporations and some of Dubai’s newly created Government Related Entities (GREs). The Euro-American colonial/racial culture and social imagery occupies a prominent position in the construction of Dubai’s post-independence economy and the resultant power structures. The third layer consists of Arabs from countries constituting the Middle East and North Africa, including black Arabs. Though not a homogeneous bloc, all Arabs are interconnected primarily by ethno-linguistic and religious commonalities.

The fourth and final layer consists of residents from the sub-Saharan Africa, South Asia, Latin America and the Caribbean or societies on the periphery of the global capitalist system who languish at the bottom of the city’s racial/ethnic hierarchies. Ironically, although some Arabs, South and South-East Asians occupy the middle and bottom spaces in the racial hierarchy, Arabs and Asians similar to many Euro-Americans display stereotypical attitudes and prejudices against Africans. This attitude can be attributed to a global Euro-American colonial colour-conscious culture.

Social “hierarchisation” in Dubai is not only undergirded by the construction of new diasporic identities, but it is also maintained by a particular epistemology. An epistemological perspective that uses visual racialised indicators to determine degrees of one’s humanity. As Maldonado-Torres explains “the ‘lighter’ one’s skin is, the closer to full humanity one is, and vice versa” (2007, 244). The socio-cultural status and humanity in Dubai and other GCC states by extension, is to a large extent determined by an individual’s aesthetical features. For example, there is a tendency for individuals with darker skin to be marginalised and deemed inferior culturally and intellectually. The racial stratification of non-Europeans in Dubai, is an extension of the logic of racism from inferior culture to one’s physical attributes. Goldthorpe (2012, 2) makes the point that “racial hierarchies have been a consistent feature of the Emirates that constitute the UAE.” Thus, regardless of how economically successful you are as an individual, if you are from the lower rung of the racial hierarchy, you will still be regarded as an inferior being. The capitalist class and social elites in Dubai give effect to the words of Ramón Grosfoguel who noted that “transnational corporations and local elites from core and periphery countries exploit and dominate” (Grosfoguel 2003, 6), [guest workers] on the periphery of the society. Overt discrimination in the city has left an enduring racialised inscription, not only on employment policies, but has also infiltrated social spaces such as the centres of night entertainment and Christian places of worship. Essentially, there is no neutral space or facet of life in the city.

### **Economic Discrimination and Inequality**

The logic of racial differentiation in the Sheikhdome of Dubai is openly and explicitly expressed through discriminatory salary practices; and this is not the imagery one is likely to have of Dubai. Given the city’s rapid path to prosperity, one expects a good life for most and not the semblance of a neo-colonial outpost, where labour from core-periphery societies are stratified and racialised. The lived realities of a significant segment of the population in Dubai have been summed up by Meo (2005), Mapaderun (2016) and Kathiravelu (2016) to closely resembled the old indentured labour system or even a system of slavery with deep roots that pre-dated Britain’s nineteenth-century adventures in the former Trucial States now called the UAE. Thus, it is a well established fact that discriminatory and exploitative practices are not new to Dubai. In fact the Sheikhdome’s modern economic model that is



premised on cheap dispensable labour, makes Dubai a fertile breeding ground for the continued manifestation of neo-colonial forms of subalternisation.

The existence of income disparities amongst the various stratified social diasporic groups in Dubai, according to Pant (2012, December 24) is partially underpinned by “racial discrimination in income determination” being masked as a feature of global capitalism. Instead, the situation is governed by the prevailing coloniality attitude/s as enunciated by an HR Manager of a transnational American company, who noted that “income disparity in Dubai is based on one’s passport or country of origin” (Personal Interview, April 16<sup>th</sup> 2011). The citizenship or nationality of a guest worker is normally used as a marker to determine his/her race or ethnicity, which is not an inconsequential determinant of one’s compensation package. However, there are exceptions and contradictions as noted by T. B. Rose a medical engineer in the city, who pointed out that: “...an Indian engineer, for example, will never be paid market rate based on his qualification and experience in Dubai, even if he has an American/British passport or is a citizen in western country” (Personal Interview, 15 September 2013). Similarly, in the absence of any extenuating reason an Afro-Zimbabwean or Nigerian with an American/British passport can be expected to get a race based salary.

The following examples, provide insights into the Euro-American racist ideology being practiced in Dubai corporate space. A survey by Pant (2012, December 24) revealed that in Dubai and the UAE in general, a Western expatriate worker makes 12.6 per cent more than an Arab expatriate and 40.5 per cent more than an Asian expatriate, while an Arab expatriate is paid 24.7 per cent more than an Asian expat. In an attempt to justify discriminatory practices in the city, company representatives often suggest that:

...It has to be understood that the cost of living is much higher in Europe than in Asia and Africa, therefore it is natural that European expatriates would be paid higher salaries than expatriates from Asia and other poor countries (Personal Interview, 12<sup>th</sup> February 2014).

Such practices can likewise be explained by the coloniality of power thesis, in which the labour aristocrats from Western societies are viewed in the labour market as “...a positive version of social capital due to their superior cultural practices and business systems; whilst Africans and Asians are examples of negative social capital due to their inferior cultural practices

and business systems” (Pfohi 2006, 505). As shocking as the figures mentioned above are, they do not include low-wage unskilled workers. This is due largely to the fact that a range of occupations such as security guards, “office boys”, taxi or bus drivers and retail assistants have been ring-fenced or identified as undesirable economic activities for Euro-Americans and Emiratis. Thus, these are jobs primarily performed by South-East Asians and Arabs from Sudan, Egypt, Syria and Yemen. Patently missing from Pant’s analysis is the salary scale of Africans working across various sectors and also that of Emirati citizens, which in many cases is comparable to that of the Western expatriate. Emiratis tend to work primarily for the federal and local governments where their salary packages are comparable to the private sector; whilst Africans tend to fall at the subaltern bottom of Dubai’s racialised labour market pyramid. There are very few exceptions to this, as in the case of an African Americans and Afro-British working in highly specialised fields.

In a series of 20 interviews with Jordanian, Indian, Jamaican and Kenyan teachers and lecturers (from Lebanon, the Philippines and Iraq) at four international schools and a local university the respondents outlined:

...how they were being paid at an average of 20-30 per cent less than their counterparts from North America or the United Kingdom, with similar qualifications and post-qualifications teaching experiences (Personal Interviews, 2010 and 2012).

In another account, the scales of justice seemed not to be balanced in terms of how one local Emirati law firm compensates its attorneys. A former Head of Department at the firm articulates that “compensation packages offered to its lawyers are based on the nationality or a system of racial/ethnic hierarchy” (Personal Interview, 12 August 2013). For example, at the top of the pecking order are the:

...British, Australian, Emirati and South African lawyers are paid more than their Iraqi, Indian, Malaysian, Egyptian and Jordanian colleagues. However, non-local Arabic attorneys are paid 50-60 per cent more than their Asian counterparts with similar qualification and post-qualification experience (Personal Interview, 12<sup>th</sup> August 2013).

An Indian electrical engineer working for a German Aviation company in the Dubai Multi-Commodity Centre (DMCC) recounts in an informal interview, how his “German colleagues with similar qualifications and experiences were being paid approximately US\$10,000 per month with ‘free’ accommodation, annual return ticket and other perks, while I am paid approximately US\$5900 per month, without housing and family related perks” (Personal Interview, 07<sup>th</sup> March 2014). By contrast B. Mangai, a Kenyan citizen qualified in construction management offers a strikingly different view: He noted that “...I worked for Turner and Townsend a British Company based in Dubai, and then I was one of the highest paid members of staff in my department. I was paid based on my qualifications and experience and not by passport or race” (Personal Interview, 25<sup>th</sup> April 2014). Similarly, an African-American corporate and commercial law specialist notes “I am paid according to the going market rate and not necessarily according to my passport or ethnicity” (Personal Interview, 23<sup>rd</sup> March 2014). In these particular cases, skin color difference(s) or colonial differences were not determining factors in deciding the interviewees’ compensation. These exceptions do not in any way collapse the central proposition that there is a reproduction and manifestation of coloniality of power within the Emirate.

Manual workers such as maids and nannies represent an important category of workers in the city. However, notwithstanding their importance this group of expatriate workers remain the most vulnerable to exploitation and servitude. This is because the UAE’s federal labour law of 1980 does not sufficiently protect them in terms of a minimum wage and working conditions and a maximum number of weekly working hours. Given the lack of legislative regulation in place to standardise salaries, generally what obtains is wage stratification based on workers’ origin or perceived race or ethnicity. For example, on a monthly basis domestic workers are generally paid as follows: A Filipino (USD380), an Indian (USD 299), a Bangladeshi (USD 231), a Nepali (USD 244), a Sri Lankan (USD 244) and an Ethiopian (USD 214). Wage differentials as highlighted above, based on race/ethnicity or origin of workers has been justified on the facile narrative that even lowest wage earners were doing better off economically on those wages than what they would have received in their home societies. The racialisation and exploitation of maids from Sri Lanka, India, Nepal, Ethiopia and the Philippines are carried out by elites from across inter and intra racial/ethnic groups, including the members of the greater Arabic community. Essentially,

economic exploitation in Dubai, and the UAE in general, has not been premised solely on the non-White-White divide, but it has taken on an intra-racial/ethnicity dimension. The pervasive practice of unequal pay for equal work in which racial “hierarchisation” plays a central role, is not informed by market related factors. It is fundamentally a racist ideology practiced by inter/intra racial-ethnic elites. Unlike the historical practices of Euro-American economic exploitation of non-Euro-American colonial subjects, cases documented in this section further highlight the complexity of Dubai’s racialised order of exploitation and domination.

### **Social Inequality and Exclusion in Dubai**

The relationship between the majority of Dubai’s guest workers and its social elites is constructed pre-dominantly on the premise of exploitation and non-European subjectivity. Ndlovu-Gatsheni (2012b, 423) notes that “this formed the foundation of the codification and institutionalisation of differences between conquerors and the conquered.” Race and economic power in Dubai, as it is elsewhere in the GCC, interact in complex ways. The evidence provided in this section demonstrates that both race and economic wealth are highly correlated to levels of social inequality experience by Dubai’s diasporic communities. The racialisation and classification of Dubai’s migrant or diasporic communities is demonstrably reflected in the advertisements contained in the textbox below.

### Racialised and Discriminatory Employment Practice— Dubai

#### **Textbox:1**

##### **December 1998: Advert No.1**

Operations Manager needed with a civil engineering degree. The candidate must be SA/UK/US or Australia educated.

##### **December 1999: Advert No.2**

Sales Executive needed for international sports company preferred candidate should be UK/US/Australia educated.

##### **March 2004: Advert No.3**

- Resident Manager ( European Candidates Only)
- Director of Food and Beverages ( European/Arab Candidates Only)
- Director of Sales (European/Arab Candidate Only)
- Public Relation and Marketing Manager (European Candidate Only)
- Restaurant Manager –( Male/Female (European Candidate Only)
- Bar Manager—Female (European Candidate Only).

##### **May 2008: Advert No.4**

One of the most successful global pharmaceutical organisations is seeking a polished personal assistant (PA) to the Managing Director. Preferred candidate should be UK/US/SAF/Australia or western educated.

**Sources:** Compiled from *Gulf News' daily archived publications*

From a cursory glance at the extracts from the advertisements in the textbox, it is observed that Dubai's indigenous and expatriate labour force has been reduced to racial identities such as "Arabs" or "Europeans". The articulation so far in this article, is that racial or ethnic classification of the city's population is a lingering function of Euro-centric colonial values and the expansion of racial global capitalism. This proposition is however contradicted by Danesh an Indian businessman based in Dubai, who explains to me in an interview that "...for religious, cultural or ethno-linguistic reasons, Indians and other nationalities tend to prefer to employ their own and that neither race nor ethnicity influences employment preferences" (Personal Interview, 16<sup>th</sup> February 2014). Such discourse is often used to explain and justify social inequality and exclusion from certain employment opportunities in the city and other parts of the UAE.

The mention of the term “westerner” for example, in the May 2008 job advertisement inherently means that the applicant/s should be of white Euro-North American ancestry, and one may also deduce that their compensation package will be based on the perceived racial/ethnic identity. These candidates can expect to earn much higher salaries than their non-white counterparts simply on the basis of their colonial and racial differences. It also demonstrates ways within which expatriates, especially non-Anglo-Saxons and in some circumstances, the indigenous Arabic community, are institutionally discriminated against in Dubai’s path to modernity within the city’s model of racial capitalism. This is so in spite of the fact that the indigenous community sits a-top of the racial/ethnic hierarchy. Potential employers also expect applicants to attach pictures to their curriculum vitae: this is constitutive of the open and structured racism endured by non-Westerners in Dubai.

As suggested earlier, there is a complex relationship between race and social inequality in the UAE and Dubai in particular. The following examples, provide evidence of how racial classification tend to perpetuate social inequality and exclusion. Hisham, an experienced Sudanese lawyer, stated during an informal interview with him, that “...I work as a security manager at a high school here in Dubai, not because I want to, but foreign branches of law firms and even local firms refuse to employ me, as they do not think my training in Sudan is of an international standard” (Personal Interview, 09 May 2012). This is not a unique situation in Dubai, as there are many “guest workers” from India, Cameroon, Pakistan, Bangladesh, Uganda, Nigeria, Gabon, Nepal and the Philippines who are working in jobs for which they are overqualified.

The prevailing discourse on labour market exploitation in the city highlights the fact that professional qualifications and experience are in many cases not valued equally for employees across the core-periphery divide. In a more strident tone, Kapour (2013, *Emirates Newspaper*) conjures up a profound imagery by noting that “socio-economic exclusion in Dubai goes beyond the corresponding factors of qualifications and experiences.” It is an imagery which differentiates humanity [the expatriate labour market] into inferior and superior, advanced and backward (Quijano 2000). It is for this reason amongst others that Maldonado-Torres, notes that “coloniality, survives colonialism. It is maintained and alive in books, in the criteria for academic

performance, in cultural patterns, in common sense, in the self-image of peoples and so many other aspects of our modern experience” (2007, 243).

In spite of the evidence showing how racialised Dubai’s labour market is, and by extension the society. Thus, I find it disingenuous that Laavanya Kathiravelu has simply reduced the lived experiences of the subalterns in the post-colonial city-state of Dubai, as a mere function of global capitalism and reflects similar experiences taking place in other global cosmopolitan cities” (Kathiravelu 2016). Global capitalism has been used as a fountainhead to diffuse criticisms of socio-economic, cultural domination and hegemony in the city. This is nothing more than an attempt to hide the racial logic and reproduction of global coloniality in the Sheikhdome of Dubai. It is the view of Irving a long time Dubai resident from Scotland that: “social or racial hierarchy determines to a large extent labour market participation (at different organisational levels) among different expatriate communities especially for executive and professional positions in both the private and public sectors in the Emirate” (Personal Interview, 23<sup>rd</sup> January 2013). Similarly, a former legal consultant in the Emirate echoes the view that “in Dubai the colour of one’s skin determines which doors are opened to you” (Personal Interview, 15<sup>th</sup> December 2013).

A former principal (Jordanian-Palestinian) at one of Dubai’s oldest international schools revealed, in an interview with myself, that “...the indigenous Arabic owners of the school had prevented [him] from hiring Pakistani and Indian teachers of Economics and Business Management, regardless of how qualified and experienced they were in the subject areas” (Personal Interview, 4<sup>th</sup> October 2009). It is also paradoxical that at the school in question, some parents – Indians, Arabs and Europeans – were strongly opposed to having their children being taught the English language, by non-native speakers of the language, especially by Indian teachers. Such hardened attitude points to a neo-colonial modality of thinking which, assumes that to be a native speaker of English, you must be White and with an American, United Kingdom, Canadian, New Zealand or Australian accent. The narrative from an epistemic perspective that “English” is the quintessential “lingua franca” for global commerce and communication is an attempt to conceal a race based employment policy that favours White teachers. These are not isolated cases, as ethno-racial hierarchies permeate and underpin the daily workings of life in the Sheikhdome of Dubai. Kathiravelu explains that in the GCC race is plotted unto class and because of the historical legacies of

British colonialism in the region, it reifies daily discriminatory practices in Dubai (Kathiravelu 2016). Unfortunately, there is seemingly a temperament on the part of some inter and intra racial/ethnic communities in Dubai to hold themselves up as the better racial/ethnic or “privileged” group based on colour. Moradeyo Mapaderun in her recent article *United Arab Emirates and Racism* unmasks such temperament by writing that:

...the implicit use of physical race markers, by Emirati employers, to collectivise members of the same perceived race, still facilitates the creation of a racial juxtaposition whereby the Emirati indigenous represent an ‘us’, whilst the remaining eclectic demographic of migrant workers constitute as ‘them’ (Mapaderun 2016, 8).

As coloniality and coloniality of power reconstitutes itself through global capitalism, it is thus not surprising that Dubai’s multi-cultural capitalist and social elites continue to be influenced by the canon of thought that valorises Euro-centric ideology of social stratification and racial exploitation. From semi-structured interviews conducted with twenty-two Nigerian, Nepali, Indian, Ugandan, Palestinian, Bangladeshi and Filipino guest workers from various economic sectors they have highlighted:

...how on their arrival at the Dubai International Airport or their respective places of work, they have had their passports or travel documents taken from them by human resource managers, not to be seen again until their annual leave or dismissal, whichever comes first (Personal interview, 15 February 2014).

Further empirical results were provided from a survey conducted by a Dubai local media house in 2015, which revealed that 43 per cent of the 1,438 respondents answered that their passports were with their employers (<http://7days.ae>, April 26). The practice of confiscation of employees’ passports or travel documents serves to exercise control over and to limit the agency of blue collar and low skilled employees from non-Western societies or so-called third world countries. In a crude display of “the West and the rest”, citizens from so-called western societies do not have their passports taken away. The Human Rights Watch Report of 2006, in addition to personal interviews and the 2015 survey by the 7DAYS daily confirm that passport confiscation in Dubai is not an episodic practice. Instead it is quite



pervasive across the city's non-European and (including) selected Arabic communities.

Again the peculiarity of inter/intra racial/ethnic subalternisation in Dubai is that it is carried out by multi-racial-ethnic social and economic elites in the society is evident. In other words, the infusion and embeddedness of Euro-centric values are perpetuated not only by Euro-American professional and entrepreneurial classes, but also by former colonial subjects against each other. In light of such tendencies, the words of Franz Fanon are reinforced when noted that "...the iniquitous fact of exploitation can wear a black mask" (Fanon 1963, 145). This is reflected in the racialisation and exploitation of subalterns by elites within their own racial/ethnic groups as well as by Arabs. Christeta and Nancy, two Filipino domestic workers, pointed out that "... they would never work for Filipino, Arab, Iranian and Indian employers in Dubai given their previous experiences of exploitation and dehumanisation" (Personal Interviews, February and April 2014). A similar parallel is drawn by Grosfoguel (2009, 326) who noted that "the racialisation of the Irish in the British Empire is a good example of how this process works." Essentially, exploitation in Dubai and the UAE, in general, is not entirely in connection with skin colour, but stems from racial/ethnic hierarchies inherited from former colonial empires.

### **Blending in Coloniality of Power into Dubai's Socio-Economic Systems**

The emergence of Dubai as a global contact zone for both capital and labour, has been accompanied by a concomitant increased in transnational linkages and connections in the city. An off-shoot of such transatlantic connections is the reproduction of the old colonial 15<sup>th</sup> century type "hierarchical of division of labour based on the movement of commodities, capital and people" (Grosfoguel 2003, 79). The fundamental question that arises is whether or not Aníbal Quijano's "coloniality of power" can be applied as the emergent theory to characterise the ubiquity of socio-economic subjugation and subalternisation experienced by substantial percentage of Dubai's diasporic communities. An analysis of the results generated from interviews conducted between 2010 and 2014 in Dubai, highlights fundamental differences in each respondent's story. Notwithstanding such, their collective lived experiences are defined by socio-economic peripherisation and exploitation perpetuated by individuals who can be referred to as former colonial subjects and individuals from the former "Empires". This has engendered a rapidly

complex fusion of inter/intra racial and ethnic elite domination in Dubai's post-independence era. Herein lies an exception to the application of the concept in Dubai from how Quijano and others have applied it to narrate the relationship between colonial subjects of the empire(s) and the subalterns in Latin America.

The plurality of marginalised subalterns and the racial dynamics in post-Britannica Dubai present tendencies of coloniality of power. The experiences of many former colonial subjects in Dubai, illustrate how Euro-centric logic of racialised ideologies has been deeply embedded within global metropolitan centres; and has reproduced itself in a number of ways. This includes, the construction of expatriate identities, leveraging of cultural differences and socio-economic exploitation. Essentially, coloniality of power is inextricably intertwined in Dubai's present and the trajectory of the future.

## **Conclusion**

A new social thought is emerging in the post-Britannica era in Dubai. It suggests that participation in and access to the Emirate's socio-economic structures are stratified on the basis of race and ethnicity, which are supported by stereotypes and myths about the city's diasporic communities. In this article, I have employed the coloniality of power as a theoretical instrument of analysis of the rabidly complex issue of racial or ethnic hierarchisation and subalternisation which have been used to socially exclude and economically exploit certain diasporic groups in Dubai. Global coloniality has reproduced itself and continues to be perpetuated, not only by former colonial empires, but also now by a transient capitalist class in Dubai that has emerged from among the previously disadvantaged people. The emergence of a growing bloc of a non-European capitalist class including Pakistanis, Indians, Emiratis, Nigerians, Lebanese and Iranians has created a myth in Dubai (as it is elsewhere) that racial/ethnic inequalities in the city, is unrelated to "continuities between the colonial past and current global colonial/racial hierarchies as its contribution to the invisibility of 'coloniality' today" (Grosfoguel 2009, 320). Coloniality of power in all its manifestation has situated Dubai and the GCC as a whole at the 'interface between different value systems and different forms of logic: Western, Asian, African, modern and traditional' (Ndlovu-Gatsheni 2012a, 14).

The question posed at the beginning of the paper as to why some diasporic communities in the principality of Dubai succeed economically and others remain dominated and exploited? The answer lies in the accounts of first-hand experiences of inter-cultural, intra-ethnic, and inter-racial domination and exploitation in the city. However, intellectual and political inferences or discourses have been found wanting given their failure to tackle the issue of “coloniality power” and the implications of it in a system of capitalist depredation and racial subjectivity. The continued entanglement with global capitalism and international division of labour, will ensure the persistence of racialisation and “inferiorisation” of non-Europeans and by extension “continuity of a power relation typical of that between the coloniser and the colonised” (Choi 2007, 394-395). In summary, coloniality of power is a distinguishing feature of Dubai’s of racial interactions and dynamics; which is deeply embedded within the society and continues to be a central part of the Dubai’s capitalist model.

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## **Estimating Fiscal Stability for Barbados and Jamaica: 1973 – 2010**

Clyde A. Mascoll  
*The University of the West Indies, Barbados*

### **Abstract**

This paper examines empirically the concept of fiscal stability for Barbados and Jamaica over the period 1973–2010. Fiscal stability is defined within an extended public choice model of government expenditure attributed to Baumol (1967) and Spann (1977) by the incorporation of a government revenue equation. A tax price variable is used to test Kaldor's cobweb theorem in measuring fiscal stability that is estimated using the bounds testing approach to cointegration. The results suggest fiscal stability for Barbados in contrast to Jamaica over the long-run. In the short-run, fiscal stability holds for Barbados but is inconclusive for Jamaica. The different results maybe reflecting a greater unbalanced productivity gap in the Jamaica economy.

**Key Words:** fiscal stability, Barbados, Jamaica, bounds testing, tax price, cointegration.

## Introduction

The four More Developed Countries<sup>1</sup> (MDCs) in the Caribbean community are characterised by a persistent fiscal burden that is believed to have a negative effect on economic growth, the foreign reserves and the national debt in particular. In the post 1973 period, for the most part, fiscal deficits expressed as a percentage of GDP were much higher than the 3% target, which Lewis (1966) observed as manageable for undeveloped countries. The lack of fiscal stability<sup>2</sup> in the post-independence period<sup>3</sup> has been observed by academics and policy makers alike. It is believed that expansionary fiscal measures undermined the notion of fiscal stability that was not clearly defined and examined.

Against this backdrop, the present article investigates and examines fiscal stability for two small open economies, Barbados and Jamaica, for the period 1973–2010. The definition of fiscal stability follows the cobweb theorem developed by Kaldor (1934), which compares the coefficients of the price variables for ordinary demand and supply functions. The article uses the Baumol (1967) model of unbalanced productivity to which Spann (1977) added a government expenditure function. The model required a further expansion by Mascoll (2014) in the form of an additional government revenue function. The latter two functions form the theoretical basis for defining and examining the concept of fiscal stability.

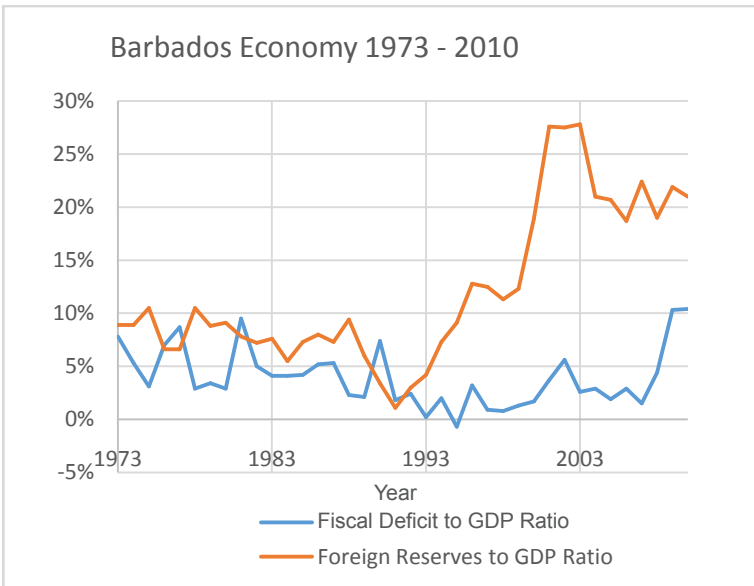
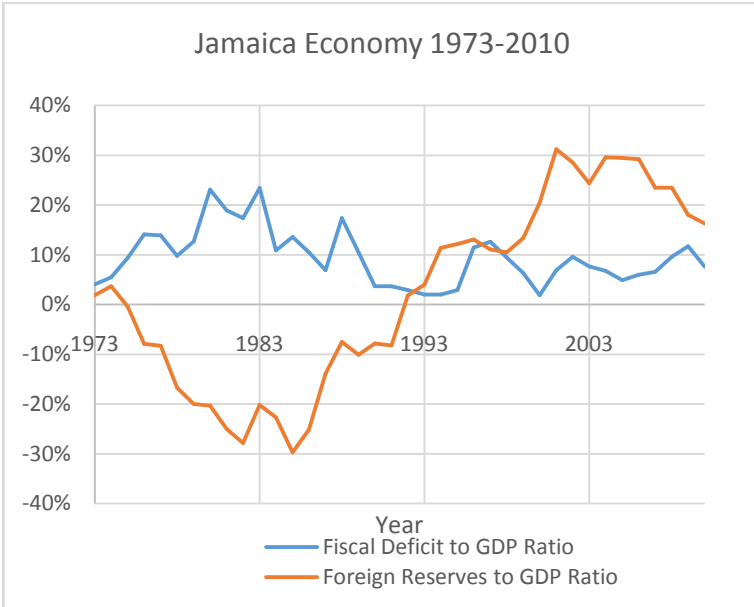
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<sup>1</sup>Jamaica, Guyana, Trinidad and Tobago and Barbados.

<sup>2</sup>Howard (1989) and Mascoll (1988) provide details on the fiscal performance for three of the MDCs.

<sup>3</sup>The MDCs attained independence between 1961 and 1966.

Figure 1: Fiscal Deficit and Foreign Reserves Movements





The threat to fiscal stability emerged, especially after the first oil-crisis in 1973, when high and persistent fiscal deficits were accompanied by foreign exchange problems for Jamaica, while for Barbados the problems were less pronounced – see Figure 1 above. For the first two decades, Barbados’ fiscal deficit and foreign reserves as a proportion of GDP remained within the 10 per cent range, while in Jamaica the fiscal deficit was more than 10 per cent of GDP and foreign reserves were negative. The relationship between the fiscal deficit – when financed by domestic credit creation at the central bank – and the foreign reserves is the essence of the monetary approach to the balance of payments (MABOP). This approach was popularised by Polak (1957) and the Keynesians at the International Monetary Fund (IMF) as well as the monetarists at the University of Chicago.<sup>4</sup> An excess supply of money caused by credit creation triggers the purchase of foreign goods and services or investing abroad. Howard and Mamingi (2002), Coppin (1994), Leon and Molana (1988) found support for the negative impact of money creation on the foreign reserves of the two Caribbean economies.

Fiscal stability is not directly defined in the public finance literature, it is treated as a consequence of fiscal sustainability that is itself not always clearly defined. Worrell *et al* (2015) identified the term being used interchangeably and inconsistently with solvency and liquidity from one study to another.<sup>5</sup> Furthermore, Easterly, Irwin and Servén (2008) suggested the need for accrual accounting information that is not yet available to examine fiscal sustainability for the two Caribbean countries being studied. They also noted that “although accrual accounting generates valuable information missed by traditional cash accounting, it is not sufficient for the assessment of net worth, even in middle and high-income countries” (49).

The earlier public finance literature focussed on explaining the growth of government expenditure. This started with a demand side search in the vein of Wagner’s (1893) law, followed by the Peacock and Wiseman (1961) displacement effect approach. Soon after, public choice models emerged that applied economic theory to political choices in an effort to explain

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<sup>4</sup>The justification is contained in two books entitled the Monetary Approach to the Balance of Payments, which were published by the University of Chicago and the International Monetary Fund in 1976 and 1977, respectively.

<sup>5</sup> For a comprehensive review of the literature on debt and fiscal sustainability - see Worrell *et al* (2015).

government expenditure growth using a demand side approach. This resulted in the first set of empirical work being done by Borcharding and Deacon (1972) and Bergstrom and Goodman (1973).

Henrekson and Lybeck (1988) identified among other shortcomings, the need to derive both demand and supply functions from one unitary theory in an attempt to better understand the growth of government expenditure. Mascoll (2014) was inspired by such a need in the literature and added a further modification to the Baumol-Spann model in a way that makes it possible to define the concept of fiscal stability in the model of Kaldor (1934).

Previous attempts<sup>5</sup> at macroeconomic models for Jamaica and Barbados treated the fiscal system as exogenous, which was typically represented by a government expenditure variable. The researchers therefore implicitly assumed that the behaviour of government is not affected by such variables as aggregate demand, tax prices and the national debt among others. Therefore the models could not define and/or test for fiscal stability, since the concept, as presented in this study, requires both government expenditure and revenue to be endogenised.

The proposed fiscal system is estimated using the Autoregressive Distributed Lag (ARDL) bounds testing approach to cointegration developed by Pesaran, Shin and Smith (2001) to determine and test the concept of fiscal stability. The methodology has some advantages over the Sargan-Hendry type of error correction model (ECM) that includes some contemporaneous variables (levels or differences) as regressors and the Engle-Granger-Johansen type that is an expanded vector autoregression (VAR) à la Sims (1980). The ARDL approach does not require the variables to be all integrated of order zero or one that is  $I(0)$  or  $I(1)$ ; it accommodates a mixture of them but no  $I(2)$  that is variables integrated to the order of two. When the sample size is small, ARDL is superior to the other cointegration techniques as it yields unbiased estimators – see Pesaran *et al* (2001). Moreover, it provides valid test statistics even when some of the regressors are endogenous. In this

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<sup>5</sup>Some attempts include Harris (1970), Carter (1970) Manhertz (1971) and Allen, Hall and Robinson (2002) for Jamaica; and for Barbados, Worrell and Holder (1985), Worrell and Galawish (1987). According to Craigwell (1995) these models never focused on forecasting but rather are limited to specification, estimation and validation.

study, the accuracy of the parameter estimates is crucial, which favours the ARDL as well.

The article shows that for the period 1973–2010, fiscal stability - that is the absolute value of the estimated tax price coefficient from the government revenue/demand function is larger than the estimated coefficient from the government expenditure/supply function - holds for Barbados in both the long and short-run. While for Jamaica, fiscal stability does not hold in the long-run and is inconclusive in the short-run. For Barbados, in the short-run, the tax price and real income variables are dominant in explaining government revenue and expenditure behaviour, while for Jamaica, the two dominant variables are the tax price and national debt. In both countries, real income and debt are the two most important variables explaining government expenditure and revenue in the long-run.

The article makes contributions to the theoretical and empirical literature. Its unique contribution relates to the task of specifying both a government expenditure and revenue equation from a unitary theory. It also utilises the ARDL bounds testing methodology in modelling fiscal stability in the vein of Kaldor (1934). The strength of this methodology in the study is the validity of the test statistics even when some of the regressors are endogenous.

From a policy perspective, reducing the productivity gap between the public and private sectors is one way of pursuing fiscal stability in the long-run. Such an approach would lower the relative price of public sector goods and services, which results in desirable change in government expenditure. This encourages some adjustment in government revenue that may inspire economic growth. However, fiscal prudence is required as the empirical evidence suggests that government expenditure responds more than government revenue to growth, especially in the Jamaica economy.

Section 2 presents a literature review that emphasises the Baumol-Spann-Mascoll fiscal system; followed by the presentation of the fiscal stability model and the ARDL approach to cointegration in the mode of Pesaran *et al* (1999, 2001) in Section 3. In the empirical section, diagnostic tests of the model along with the parameter estimates are presented and analysed with specific emphasis on the measure of fiscal stability. Conclusions are made in Section 5.

## Literature Review

The search for an understanding of the growth of government expenditure started with a demand-side hypothesis proposed by Wagner (1893)<sup>6</sup>, which assumes that the public sector grows in tandem with the economy. Almost a century later, Peacock and Wiseman (1961) argued that the time-profile of public spending is discontinuous as social disturbances produce a displacement effect. These early propositions lacked a well-articulated theory of public choice that is an application and extension of economic theory to the realm of political or governmental choices. However, Buchanan and Tullock (1962) are credited with laying the theoretical foundation of public choice literature.

The earliest empirical studies of public choice were done by Borchering and Deacon (1972) and Bergstrom and Goodman (1973) for the United States economy, using a tax price variable that would become popular in the literature. Given the treatment of price and quantity in the two models, government expenditure was treated as an observation on the demand curve of a consumer with the median income. They both posited a government expenditure/demand function that is log-linear with constant income and price elasticities for the public good.

The first supply side attempt to explain government expenditure growth was suggested by Baumol (1967). The model is outlined below. Spann (1977) added the government expenditure function noted above to the model. Therefore, the production functions approach and the demand equation in the Baumol-Spann model below did not come from a unitary theory.

Henrekson and Lybeck (1988) identified two major shortcomings in the literature on government expenditure growth as: (1) the need to derive the demand and supply functions from one unitary theory; and (2) the importance of testing the different theories together by applying a coherent model which integrates the demand and supply equations in a common framework. Of these two, the first shortcoming is addressed in this paper.

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<sup>6</sup>The Wagner hypothesis – that the income elasticity of demand for the sort of goods the government supplies is greater than one dominated the early literature.

To address the absence of a government revenue equation, Mascoll (2014) appealed to the Baumol-Spann model. It essentially assumes that the economy can be decomposed into two sectors: (1) a progressive one (identified here as the private sector) which exhibits a cumulative increase in productivity as a result of capital accumulation, economies of scale and innovation, and (2) a non-progressive one (the public sector) where technological progress and hence productivity is assumed to be less than in the progressive sector.

It is further postulated that labour is the only factor input that produces these two products in the market. A constant returns to scale technology is posited. Thus the production functions for the private and public sectors are given by:

$$Q_{pt} = \alpha L_{pt} e^{\gamma t} \quad (1)$$

$$Q_{gt} = \beta L_{gt} \quad (2)$$

where  $Q_g$  is public sector output;  $Q_p$  is private sector output;  $L_g$  is labour input in the public sector;  $L_p$  is labour input in the private sector;  $\gamma$  is the rate of technological progress in the private sector and  $\alpha$  and  $\beta$  are positive constants that represent the relative size of the private and public sector, respectively; where  $\beta$  is less than  $\alpha$ . Wage rates are identical in both sectors that compete for workers in the same labour market. In relation to the private sector productivity, the wage rate ( $W$ ) grows in time as

$$W_t = W_0 e^{\gamma t} \quad (3)$$

where  $W_0$  is a constant and is the initial level of wages. Given the above specifications, the average cost per unit of output AC in each sector is

$$AC_{gt} = \frac{W_t L_{gt}}{Q_{gt}} = \frac{W_0 e^{\gamma t}}{\beta} = \frac{W_t}{\beta} \quad (4)$$

$$AC_{pt} = \frac{W_t L_{pt}}{Q_{pt}} = \frac{W_0}{\alpha} \quad (5)$$

From Equations (4) and (5) the average cost in the public sector will rise while it remains constant in the private sector. In a similar vein, the relative price of public services will increase since

$$\frac{P_{gt}}{P_{pt}} = \frac{\alpha e^{\gamma t}}{\beta} \tag{6}$$

where  $P_g$  is the price of services in the public sector and  $P_p$  is the price of services in the private sector. If  $\gamma$  is equal to zero, then the price of the public good is higher than that of the private good, once  $\beta$  is less than  $\alpha$ .

Spann (1977) introduced a median voter demand schedule into the model to account for the effect of the rising relative price of public sector goods on the rate of growth in real public expenditure. In addition, it took care of the criticisms levelled by Lynch and Redman (1968) and Keren (1972) that Baumol (1967) ignored the effect of the positive rate of productivity in the private sector on income and its consequent effects on to the demand for public services. The median voter’s schedule is specified in log-linear form as

$$\frac{Q_g^d}{L} = A \left( \frac{P_{gt}}{P_{pt}} \right)^\eta \left( \frac{\left( \frac{Y}{L} \right)}{P_{pt}} \right)^\delta \tag{7}$$

where  $\frac{Q_g^d}{L}$  is the demand for public good per capita;  $\frac{Y}{L}$  is the nominal national income per capita;  $\eta$  is the price elasticity of demand;  $\delta$  is the income elasticity of demand and  $A$  and  $L$  the sum of  $L_G$  and  $L_p$  are constants.

Mascoll (2014) introduced a supply function of the government – which is observed on the expenditure side – in the vein of the median voter’s demand schedule and is specified to capture the rising relative wage of the public sector workers and a government revenue variable that considers its constraining influence on government expenditure. It is log-linear such that

$$\frac{Q_g^s}{L} = B(W_t)^\phi \left( \frac{\left( \frac{R_t}{L} \right)}{P_g} \right)^\theta \tag{8}$$

where  $W$  is the relative wage rate;  $R$  is the revenue of government;  $\phi$  is the wage elasticity of supply; and  $\theta$  is the revenue elasticity of supply. Recall that

$$R = P_g \times Q_g^d \tag{9}$$

and note that

$$\frac{\left(\frac{R}{L}\right)}{P_g} = \frac{Q_g^d}{L} \tag{10}$$

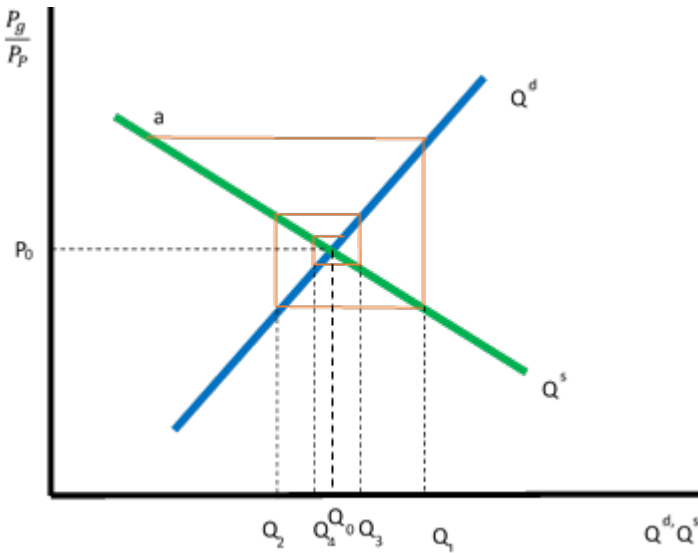
It is important to point out that the demand function in Equation (10) is derived from the revenue function of the government, which differs from the way that previous studies cited above interpreted demand using government expenditure as the dependent variable. In addition, it is assumed that the price variable is positively correlated with the demand/government revenue function. Therefore using equations (8), (7) and (10) leads to

$$\frac{Q_g^s}{L} = B(W_t)^\phi \left[ A \left( \frac{P_{gt}}{P_{pt}} \right)^\eta \left( \frac{Y_t}{L} \right) \left( \frac{Y_t}{P_{pt}} \right) \right]^{\delta-\theta} = B'(W_t)^\phi \left( \frac{P_{gt}}{P_{pt}} \right)^{\eta\theta} \left( \frac{Y_t}{L} \right)^{\delta\theta} \tag{11}$$

The relative price variable is negatively related to government expenditure suggesting that at lower prices the government is able to supply more goods and services to the public. As the relative price increases, it reduces the government’s capacity to supply the quantity of goods and services. The government expenditure/supply function is therefore negatively sloped. Likewise as the wage rate increases the government’s ability to supply goods and services to the public is expected to fall, that is, there is an inward shift of the supply curve. On the other hand, an increase in real income per capita shifts the supply curve outwards.

The government revenue/demand function is positively related to the relative price variable. As the price rises the quantity of goods and services demanded by the public increases; conversely the quantity reduces with a fall in the price. As the real income per capita increases the demand curve shifts outwards.

**Figure 2: Fiscal Stability**



Using the model outlined above, the concept of fiscal stability in the Kaldor (1934) sense is represented in Figure 2. Unbalanced productivity between the private and public sectors is the trigger for point a on  $Q^s$ , which leads to excess demand. This decreases the relative price that creates excess supply at  $Q_1$ . The relative price increases at  $Q_2$ , and generates excess demand that once again lowers the price at  $Q_3$ . This process continues at  $Q_4$ , where the price rises again, until the cobweb movement converges to the equilibrium point at  $Q_0$  with a price  $P_0$ . The attainment of relative fiscal stability is possible via a reduction in the price of the public goods relative to private goods, which from a policy perspective is achievable with productivity improvements in the public sector relative to the private sector.

Notable references to fiscal stability in the literature include the laying of a “Code of Fiscal Stability”<sup>7</sup> in parliament by the United Kingdom government in 1998. The purpose of the Code was “to improve the conduct

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<sup>7</sup>Under Section 155(7) of the Finance Act 1998, the government was required to lay the Code for Fiscal Stability before Parliament.



of fiscal policy by specifying the principles that shall guide the formation and implementation of fiscal policy.” Fiscal stability was not defined. Stability was identified as one of the five principles of fiscal management along with transparency, responsibility, fairness and efficiency.

According to the Code for Fiscal Stability, “the principle of stability means that, so far as reasonably practicable, the government shall operate fiscal policy in a way that is predictable and consistent with the central economic objective of high and stable levels of growth and employment.” Buiters (2001) in commenting on the Code raised concerns about the so-called golden rule of public sector borrowing, which suggests that government borrowing should not exceed government capital formation. His second major concern was about the benefit of constructing a more comprehensive balance sheet of public sector assets and liabilities. Buiters (2001) identified a body of work<sup>8</sup> that discussed the technical and conceptual issues, which informed his second concern.

In accordance with the definition of sustainability used by Blanchard *et al* (1990) in the context of fiscal policy, the literature focused on fiscal sustainability rather than fiscal stability. They noted that “sustainability is basically about good housekeeping. It is essentially about whether, based on the policy currently on the books, a government is headed towards excessive debt accumulation.” This focus led to the notion that the behaviour of the debt-GDP ratio is a good indicator of fiscal sustainability. The emphasis is then placed on “...the use of a small set of indicators..., each associated with a specific time horizon. For each horizon, the indicator is defined as the difference, or ‘gap’, between the ‘sustainable’ tax rate over the horizon and the current tax rate.”

There is however a stage before debt accumulation that has to do with understanding the behaviour of the fiscal deficit/surplus, which is a focus in this paper as seen in Figure 2 above. The change in the relative price causes the fiscal stability as adjustments are made to both government revenue and expenditure. Here in lies the need to appreciate, from a policy perspective, that debt sustainability must be addressed via policies that, first and foremost, affect the fiscal deficit/surplus.

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<sup>8</sup>The earlier publications include Buiters (1983a; 1983b; 1985; 1990; 1993; 1995; 1997a; 1997b).

### Model and Econometric Methodology

The model that is to be estimated is not of the per capita variety developed in the theoretical section, which does not change the underlying analysis. Furthermore, given that demand and supply quantities for government goods and services are not available, values for government revenue and expenditure have to be used. The specification is initially in levels with the addition of a national debt variable to capture the fiscal reality in the two Caribbean economies in the post-1973 period. The following equations for Barbados and Jamaica are therefore considered:

$$Q^s = f(P_G, D, W, Y) \quad (12)$$

$$Q^d = f(P_G, D, Y) \quad (13)$$

Where  $Q^s$  is the total government expenditure;  $Q^d$  is the total government revenue;  $P_G$  is the tax price;  $D$  is the total national debt;  $W$  is the national real wage index and  $Y$  is the real national income.

It is tempting to introduce an equilibrium condition to represent a system of simultaneous equations. The system would be of a structural form to the extent that it is a representation of the structure of a fiscal deficit/surplus in the two countries, reflecting the behaviour of the government. Given the focus on measuring fiscal stability, the explanatory variables ought to be exogenous or predetermined. Of equal concern is the notion that what constitutes an endogenous variable is very relative. Mamingi (2005, 124) noted that "...a variable that is endogenous in a given environment can become exogenous in another environment."

If the two theoretical specifications in equations (12) and (13) are put in the form of econometric models, then any shock to the disturbance term in the revenue equation affects the expenditure equation, which in turn affects the overall fiscal deficit/surplus. In this sense, simultaneity is established in the system of equations.

The dynamic process involved in reaching the condition of fiscal stability, as demonstrated in Figure 2 above, is not the issue in the article. Rather, the condition that gives rise to fiscal stability is. The former could be the basis of another study.

Following on the Pesaran *et al* (2001) bounds testing approach to cointegration, it must be checked that no variable is I(2). Once the order of cointegration of the variables is resolved, an ARDL model is formulated with any combination of I(0) and I(1), using a conditional unrestricted ECM. The ranges of summation of the various terms in the  $\mathbf{z}$  vector defined in the model below and the maximum lags are determined by the Akaike and Schwarz Bayesian Information criteria. It must be established that the errors in the ARDL model are serially independent. Furthermore, the model must be dynamically stable. Given the above, bounds testing is performed using the calculated F-statistic and T-statistic and comparing them to the respective tabulated statistics provided in Pesaran *et al* (2001). Once the bounds tests support cointegration, the long-run equilibrium relationship between the variables is estimated as well as the usual ECM. The long-run coefficients are extracted from the unrestricted/conditional ECM. Since long-run equilibrium requires that the short-run variables are equal to zero, the long-run coefficients are determined by dividing the estimated coefficients on these variables by the coefficient of the lagged dependent variable.

Pesaran *et al* (2001) utilised the conditional error correction representation of the ARDL model as:

$$\Delta y_t = c_0 + c_1 t + \pi_{yy} y_{t-1} + \boldsymbol{\pi}_{yx} \mathbf{x}_{t-1} + \sum_{i=1}^{p-1} \boldsymbol{\psi}_i' \Delta \mathbf{z}_{t-i} + \boldsymbol{\omega}' \Delta \mathbf{x}_t + u_t \quad (14)$$

t=1,2,..., where

$$c_0 = -(\boldsymbol{\pi}_{yy}, \boldsymbol{\pi}_{yx})\boldsymbol{\mu} + [\gamma_{yx} + (\boldsymbol{\pi}_{yy}, \boldsymbol{\pi}_{yx})]\boldsymbol{\gamma}, c_1 = -(\boldsymbol{\pi}_{yy}, \boldsymbol{\pi}_{yx})\boldsymbol{\gamma}$$

Case III, where there is an unrestricted intercept and no trend, is employed. Alternatively,  $c_0 \neq 0$ ;  $c_1 = 0$  and  $\boldsymbol{\gamma} = 0$ . The intercept restriction that  $c_0 = -(\boldsymbol{\pi}_{yy}, \boldsymbol{\pi}_{yx})\boldsymbol{\mu}$  is ignored.

The two equations (12) and (13) can be approximated by a log-linear VAR(p) model, with the appropriate intercept. Let  $\mathbf{z}_{1t} = (Q_t^s, P_{Gt}, Y_t, D_t, W_t)' = (Q_t^s \mathbf{x}'_{1t})'$  from equation (12). In similar vein, let  $\mathbf{z}_{2t} = (Q_t^d, P_{Gt}, Y_t, D_t)' = (Q_t^d \mathbf{x}'_{2t})'$  from equation (13). Using equation (14) and recognising  $y_t = Q_t^s$  and  $y_t = Q_t^d$  respectively, the conditional ECMs of interest in the vein of Pesaran *et al* (2001, p.296) can be written as:

$$\Delta Q_t^s = c_0 + \pi_{Q^s Q^s} Q_{t-1}^s + \pi_{Q^s x.x} \mathbf{x}_{1t-1} + \sum_{i=1}^{p-1} \boldsymbol{\psi}'_i \Delta \mathbf{z}_{1t-i} + \boldsymbol{\delta}' \Delta \mathbf{x}_{1t} + u_{1t} \quad (15)$$

$$\Delta Q_t^d = c_0 + \pi_{Q^d Q^d} Q_{t-1}^d + \pi_{Q^d x.x} \mathbf{x}_{2t-1} + \sum_{i=1}^{p-1} \boldsymbol{\psi}'_i \Delta \mathbf{z}_{2t-i} + \boldsymbol{\delta}' \Delta \mathbf{x}_{2t} + u_{2t} \quad (16)$$

The approach to choosing the dynamic lag structure in (15) and (16) is flexible, in the sense that allowance is made for short-run feedbacks from the lagged dependent variables,  $\Delta Q_{t-i}^s$  and  $\Delta Q_{t-i}^d$ ,  $i=1, \dots, p$ , to  $\Delta \mathbf{x}_{1t}$  and  $\Delta \mathbf{x}_{2t}$ , respectively.

It is essential to explain the bounds procedures for testing for the existence of a level relationship between  $Q_t^s$  and  $\mathbf{x}_{1t}$ , and  $Q_t^d$  and  $\mathbf{x}_{2t}$ . The approach is to test for the absence of any level relationship via the exclusion of the lagged level variables  $Q_{t-1}^s$  and  $\mathbf{x}_{1t-1}$ , and  $Q_{t-1}^d$  and  $\mathbf{x}_{2t-1}$  in equations (15) and (16), respectively. For equation (15), the respective null hypotheses are  $H_0: \pi_{Q^s Q^s} = 0$ ,  $H_0: \pi_{Q^s x.x} = \mathbf{0}'$ , and the alternative hypotheses  $H_1: \pi_{Q^s Q^s} \neq 0$ ,  $H_1: \pi_{Q^s x.x} \neq \mathbf{0}'$ . For equation (16), the respective null hypotheses are  $H_0: \pi_{Q^d Q^d} = 0$ ,  $H_0: \pi_{Q^d x.x} = \mathbf{0}'$ , and the alternative hypotheses  $H_1: \pi_{Q^d Q^d} \neq 0$ ,  $H_1: \pi_{Q^d x.x} \neq \mathbf{0}'$ . The absence of a long-run equilibrium relationship between the variables coincides with zero coefficients on the lagged variables. Therefore a rejection of the null hypothesis implies that there is a long-run relationship.

The test statistic is non-standard and so Pesaran *et al* (2001) provide lower and upper bounds for the critical values. If the computed F-statistic falls below the lower bound, we conclude that variables are I(0), so no cointegration is possible. If the computed F-statistic exceeds the upper bound, then we have cointegration among the variables. Any computed F-statistic that lies between the bounds indicates that the test is inconclusive.

In similar vein, the t-statistic for equation (15) is tested with the null hypothesis of  $H_0: \pi_{Q^s Q^s} = 0$ , against the alternative hypothesis of  $H_1: \pi_{Q^s Q^s} < 0$ . For equation (16), the null hypothesis is  $H_0: \pi_{Q^d Q^d} = 0$ , against the alternative hypothesis of  $H_1: \pi_{Q^d Q^d} < 0$ . If the t-statistics for the lagged dependent variables in the two equations are greater in absolute value than the I(1) bound tabulated by Pesaran *et al* (2001), then there is support for a long-run relationship between the variables. If the t-statistics are less in absolute value than the I(0) bound, then we conclude that the data are all stationary. Again any computed t-statistic that lies between the bounds indicates that the test is inconclusive.

Once the bounds tests confirm cointegration among the variables, a meaningful estimate of the existence of a long-run relationship can be determined. In addition, the conventional ECM can be estimated. The long-run coefficients can then be extracted from the conditional unrestricted ECM in equations (15) and (16). This is achieved by noting that in the long-run equilibrium condition, the following are necessary:  $\Delta Q_t^s = 0$ ;  $\Delta \mathbf{z}_{1t-i} = 0$ ;  $\Delta \mathbf{x}_{1t} = 0$  and  $\Delta Q_t^d = 0$ ;  $\Delta \mathbf{z}_{2t-i} = 0$ ;  $\Delta \mathbf{x}_{2t} = 0$  in the two equations, respectively.

In the circumstances, the long-run coefficients are extracted as  $-\frac{\pi_{Q^s x x}}{\pi_{Q^s Q^s}}$  and  $-\frac{\pi_{Q^d x x}}{\pi_{Q^d Q^d}}$  from equations (15) and (16), respectively. The bounds testing approach to cointegration leads to a system of long-run equations that accommodates the testing of fiscal stability as defined in this paper.

For convenience, the logarithmic version of the long-run equations, which is applied in the multivariate cointegration technique is shown as follows:

$$LQ_t^s = \beta_0 + \beta_1 LP_{Gt} + \beta_2 LD_t + \beta_3 LY_t + \beta_4 LW_t + \varepsilon_{1t} \tag{17}$$

$$LQ_t^d = \theta_0 + \theta_1 LP_{Gt} + \theta_2 LD_t + \theta_3 LY_t + \varepsilon_{2t} \tag{18}$$

The error correction representation of the ARDL models is:

$$\Delta LnQ_t^s = \tau_1 + \sum_{i=0}^{q_j-1} a_i \Delta LnP_{Gt-i} + \sum_{i=0}^{q_j-1} b_i \Delta LnD_{t-i} + \sum_{i=0}^{q_j-1} c_i \Delta LnW_{t-i} + \sum_{i=0}^{q_j-1} d_i \Delta LnY_{t-i} + \phi_1 EC_{t-1} + \varepsilon_{1t} \tag{19}$$

$$\Delta LnQ_t^d = \tau_2 + \sum_{i=0}^{q_j-1} e_i \Delta LnP_{Gt-i} + \sum_{i=0}^{q_j-1} f_i \Delta LnD_{t-i} + \sum_{i=0}^{q_j-1} g_i \Delta LnY_{t-i} + \phi_2 EC_{t-1} + \varepsilon_{2t} \tag{20}$$

The tax price coefficients,  $e_i$  and  $a_i$ , carry a positive and a negative *a priori* sign for the revenue and expenditure equation, respectively. To achieve fiscal stability, *ceteris paribus*, the absolute value of the estimated tax price coefficient,  $\hat{e}_i$ , from the government revenue/demand function must be larger than the estimated coefficient,  $\hat{a}_i$ , from the government expenditure/supply

function. This fiscal stability condition is an important testable hypothesis, both in the short and long-run. The analysis above is the same for the tax price coefficients,  $\beta_1$  and  $\theta_1$ , from the long-run ARDL models in equations (17) and (18) for the government expenditure and revenue equations, respectively.

The income coefficients,  $g_i$  and  $d_i$ , have positive *a priori* signs. If the estimated income coefficient,  $d_i$ , from the expenditure/supply function exceeds that from the revenue/demand function,  $g_i$ , this will reflect the persistence of fiscal deficits; the converse would suggest fiscal surpluses. If the coefficients are equal the fiscal position would be in balance, given that the initial condition was in balance. The analysis above is the same for the income coefficients  $\beta_3$  and  $\theta_3$  from the long-run ARDL models in equations (17) and (18) for the government expenditure and revenue equations, respectively.

The national debt coefficients,  $f_i$  and  $b_i$ , have positive *a priori* signs. Increasing national debt forces the governments to raise revenue, especially via taxation. While on the expenditure side, a rising national debt simply increases interest payments. The analysis above is the same for the income coefficients  $\beta_2$  and  $\theta_2$  from the long-run ARDL models in equations (17) and (18) for the government expenditure and revenue equations, respectively.

The real wage coefficients  $\beta_4$  and  $c_i$  have negative *a priori* signs. Increasing real wages reduce the capacity of the government to supply goods and services in both the short and long-run.

To estimate the theoretical model for the two Caribbean economies, there is a need to find a proxy for a tax price. This is addressed by utilising the Niskanen (1978) tax price variable defined as the ratio of total government (tax) revenues divided by total government expenditure. This tax price variable was developed by Borchering and Deacon (1972), Bergstrom and Goodman (1972) for the United States and used by Craigwell (1991) and Craigwell and Rock (1991) in an empirical test of the Buchanan-Wagner hypothesis for Barbados and Trinidad and Tobago. All of the variables used in the paper are available from various Annual Statistical Digests and the Online Statistics of the Central Bank of Barbados.

## Empirical Results

The empirical analysis requires that the order of integration of the variables is determined to ensure that none are I(2). In this regard, the Augmented Dickey-Fuller (ADF) test is used to test for unit roots in the series. The null hypothesis of the ADF test is that the series is non-stationary. If the null hypothesis is not rejected, then the time series has a unit root. In Table 1 below, the results suggest a combination of I(0) and I(1) variables; more importantly none are I(2). Therefore, the ARDL bounds testing procedure is performed on the respective equations.

**Table 1: Unit Root Tests**

Variables	Augmented Dickey-Fuller				Decision
	Level	Nature of the series	1 <sup>st</sup> difference	Nature of the series	
LGRJ	-0.769	Intercept	-4.549	Intercept	I(1)
LGRB	-5.088***	Intercept	N.A	N.A	I(0)
LNDJ	-2.055	Intercept	-5.204***	Intercept	I(1)
LNDB	-4.356***	Intercept	N.A	N.A	I(0)
LTPJ	-2.000	Intercept	-6.276***	Intercept	I(1)
LTPB	-3.677***	Intercept	N.A	N.A	I(0)
LRWJ	-0.955	Intercept	-5.838***	Intercept	I(1)
LRWB	-3.785***	Intercept	N.A	N.A	I(0)
LGEJ	-1.851	Intercept	-4.454***	Intercept	I(1)
LGEB	-3.150**	Intercept	N.A	N.A	I(0)
LRYJ	-1.582	Intercept	-4.344***	Intercept	I(1)
LRYB	-3.741***	Intercept and L.T.	N.A	N.A	T.S

Notes: FD – First Difference. \*, \*\* and \*\*\* mean significant at the 10%, 5% and 1% levels, respectively. Critical values at 2 decimal points are the same for levels and first differences at -3.62, -2.94 and -2.61 for 1%, 5% and 10% respectively. N.A.: not applicable; L.T.: Linear Trend; T.S.: Trend Stationary. Variables are defined as in the text with J and B added to denote Jamaica and Barbados, respectively.

The bounds testing approach to cointegration developed by Pesaran *et al* (2001) is used to determine whether or not a long-run relationship exists between the dependent variable and the regressors in the ARDL model. The null hypothesis is that no long-run relationship exists. The ARDL regression is applied to equations (17) and (18) using Case (III), the unrestricted intercept and no trend, to perform the bounds test for the two countries. The calculated F-statistics yielded much larger figures of 9.3 and 8.6, for the Barbados and Jamaica government expenditure equation respectively, when

compared to 3.41 and 4.68 for the lower and upper bounds at the 1% level of significance. In each case, there is the existence of a long-run relationship among the variables. In similar vein, the calculated F-statistics of 7.7 and 7.6 for the government revenue equations of Barbados and Jamaica respectively, are bigger than the tabulated figures of 4.29 and 5.61 for the lower and upper bounds at the 1% level of significance. Again this demonstrates the existence of a long-run relationship among the variables.

The t-statistic (see also the t-statistic of the error correcting term) provides a clear case for supporting a long-run relationship among the variables in the government expenditure equation for both Barbados and Jamaica. Indeed, the calculated t-statistics of -5.672 and -7.361 for Barbados and Jamaica, respectively, are in absolute value greater than both the I(1) bound of -5.19 and the I(0) bound of -3.43 at the 1% level of significance. In the case of the revenue equation, the t-statistics of -5.850 and -5.756 for Barbados and Jamaica, respectively, are again in absolute value greater than I(1) bound of -5.39 and the I(0) bound of -3.43 at the 1% level of significance.

Given the existence of the cointegrating relationships, the long-run conditional ARDL models and error correction models are estimated. Since ARDL can be estimated using least squares regression, standard Akaike (AIC) and Schwarz-Bayesian (SBC) information criteria are used for model selection and optimal lag length. The optimal lag order criteria support one lag in the ARDL model used to estimate the four equations in the paper. The results for the two criteria are shown below in Table 2.

**Table 2: Optimal Lag Length**

Barbados Equation	Akaike	Schwarz	Optimal Lag	Jamaica Equation	Akaike	Schwarz	Optimal Lag
LGE	-3.1053	-2.8387	(1, 1)	LGE	-1.9847	-1.7180	(1, 1)
LGR	-3.9214	-3.6551	(2, 1)	LGR	-2.1758	-1.9536	(1, 1)

In addition to the optimal lag length, Eviews 9 provides a model selection summary of the top twenty models using the AIC and SBC along with other



criteria. Given that annual data is used in this study, there is an effort to avoid over-parameterisation of the model that is likely to affect the main coefficients of interest. From a practical perspective, some of the more parsimonious in the top models support the short and long-run coefficients that best satisfy the theoretical model in each of the four estimated equations for the two countries. In this regard, the government expenditure model in equation (17) is estimated using current and lagged exogenous variables along with the lagged dependent variable as the general model. The more specific model keeps only the lagged of the tax price variable in the preferred model. In the case of government revenue equation (18), the preferred model is the general model with current and lagged exogenous variables and the lagged dependent variable. The results for the estimated long-run coefficients in the respective equations are shown in Tables 3 and 4 below.

The main focus in the paper is on the relationship between the perceived tax price variable (LTP) and the respective dependent variable. The long-run estimates of the ARDL (1,0,0,0,0) for Barbados in Table 3 provide evidence of a negative relationship between government expenditure and the tax price. While the relationship is positive in the ARDL (1,1,1,1) for the government revenue equation. Furthermore, as hypothesised in the previous section, the absolute size of the tax price coefficient (1.2) in the revenue/supply equation is larger than that of (0.9) in the expenditure/demand equation. Thus fiscal stability, in the cobweb theorem sense, is found for Barbados in the long-run.

**Table 3: Estimation of long-run coefficients: Barbados**

Government Expenditure Equation for Barbados: ARDL(1,0,0,0,0)				
Variable	Coefficient	Standard Error	t-ratio	p-value
LRW	-0.326975	0.403084	-0.811184	0.4236
LTP	-0.972463***	0.352381	-2.759694	0.0098
LRY	1.915952***	0.474210	4.040304	0.0003
LND	0.357578***	0.094756	3.773684	0.0007
LTP(-1)	1.121597**	0.423967	2.645480	0.0129
Government Revenue Equation for Barbados: ARDL(1,1,1,1)				
Variable	Coefficient	Standard Error	t-ratio	p-value
LTP	1.208017***	0.302266	3.996540	0.0004
LRY	1.634960***	0.398735	4.100372	0.0003
LND	0.390068***	0.088360	4.425424	0.0001

Note, \*\*\*, \*\* and \* mean significant at the 1, 5 and 10 per cent levels, respectively.

**Table 4: Estimation of long-run coefficients: Jamaica**

Government Expenditure Equation for Jamaica: ARDL(1,0,0,0,0)				
Variable	Coefficient	Standard Error	t-ratio	p-value
LRW	-0.928048**	0.451688	-2.054622	0.0487
LTP	-2.029962***	0.543239	-3.736777	0.0008
LRY	4.247781***	1.162588	3.653729	0.0010
LND	0.718274***	0.039966	17.972124	0.0000
LTP(-1)	1.879481**	0.747082	2.515761	0.0175
Government Revenue Equation for Jamaica: ARDL(1,1,1,1)				
Variable	Coefficient	Standard Error	t-ratio	p-value
LTP	0.918003*	0.467734	1.992658	0.0593
LRY	2.640515***	0.624242	4.229953	0.0002
LND	0.704231***	0.037387	18.836280	0.0000

Note, \*\*\*, \*\* and \* mean significant at the 1, 5 and 10 per cent levels, respectively.

In the case of Jamaica as shown in Table 4, the long-run estimates of the ARDL (1,0,0,0,0) and ARDL (1,1,1,1) also find a negative and positive coefficient for the LTP variable, for government expenditure and revenue, respectively. However, the absolute size of the tax price coefficient (0.9) in the revenue/supply equation is smaller than that of (2.0) in the expenditure/demand equation. Thus fiscal stability, in the cobweb sense, is not found for Jamaica in the long-run.

Given the estimates in Tables 3 and 4, it is evident that national income and national debt are significant variables in explaining the behaviour of government expenditure and revenue in the two countries over the period of estimation. The national debt variable affects both government expenditure and revenue positively, given the sign of the coefficients in each of the equations. But of equal importance is the similarity in the size of the coefficients *across* the two equations, which suggests a neutralising effect on the fiscal deficit, *ceteris paribus*.

In terms of the income elasticities, government expenditure is more responsive than government revenue, which is consistent with the persistence of fiscal deficits in both economies over the long-run. The income coefficients for the expenditure equations are 1.9 and 4.2 are larger than their revenue counterparts of 1.6 and 2.6 for Barbados and Jamaica, respectively.

The short-run estimates associated with the ARDL government expenditure and revenue equations from which the long-run estimates came are presented in Tables 5 and 6 below. The estimates suggest that the error correction model holds for all four equations, as the coefficient of the error (or equilibrium) correction term is highly negatively significant. The coefficients of the ECTs for the four government expenditure and revenue equations range narrowly between -0.36 and -0.38. These estimates suggest that the disequilibrium response rate in the equations is about 4 months.

Interestingly, in the short run, the tax price and national debt are the most critical variables in explaining the behaviour of government expenditure and revenue; the tax price variable is therefore replaced by the national income variable among the two most important in the long-run. Fiscal stability still holds for Barbados in the short run, but there is inconclusive evidence of such stability for Jamaica based on the similarity in the absolute tax price coefficient of 0.50 and 0.52 for government expenditure and revenue, respectively.

**Table 5: Short-run Estimates of the ECM of the ARDL Equations for Barbados**

Government Expenditure Equation for Barbados: ARDL(1,0,0,0,0,0)				
Variable	Coefficient	Standard Error	t-ratio	p-value
$\Delta LRW$	-0.311890	0.185026	-1.685656	0.1022
$\Delta LTP$	-0.416197***	0.078509	-5.301299	0.0000
$\Delta RY$	0.749789***	0.205694	3.645174	0.0010
$\Delta LND$	0.357935	0.111927	0.713660	0.4810
$\Delta LTP(-1)$	0.357935***	0.086116	4.156434	0.0002
C	-3.036817***	0.538652	-5.637813	0.0000
EC(-1)	-0.369021***	0.065058	-5.672170	0.0000
Note, ***, ** and * mean significant at the 1, 5 and 10 per cent levels, respectively.				
Government Revenue Equation for Barbados: ARDL(1,1,1,1)				

Variable	Coefficient	Standard Error	t-ratio	p-value
$\Delta$ LTP	0.647487***	0.057448	11.270806	0.0000
$\Delta$ LRY	0.478379***	0.156183	3.062946	0.0047
$\Delta$ LND	0.301531***	0.077348	3.898393	0.0005
C	-2.491346	0.428621	-5.812463	0.0000
EC(-1)	-0.367167***	0.062762	-5.850138	0.0000

**Table 6: Short-run Estimates of the ECM of the ARDL Equations for Jamaica**

Government Expenditure Equation for Jamaica: ARDL(1,0,0,0,0,0)				
Variable	Coefficient	Standard Error	t-ratio	p-value
$\Delta$ LRW	-0.162228	0.096660	-1.678346	0.1037
$\Delta$ LTP	-0.503541***	0.086281	-5.836076	0.0000
$\Delta$ LRY	0.482563	0.374259	1.289381	0.2071
$\Delta$ LND	0.230995***	0.071518	3.229904	0.0030
$\Delta$ LTP(-1)	0.632587***	0.106943	5.915197	0.0000
C	-4.745663	0.657458	-7.218201	0.0000
EC(-1)	-0.375208***	0.050976	-7.360554	0.0000
Note, ***, ** and * mean significant at the 1, 5 and 10 per cent levels, respectively.				
Government Revenue Equation for Jamaica: ARDL(1,1,1,1)				
Variable	Coefficient	Standard Error	t-ratio	p-value
$\Delta$ LTP	0.522603***	0.112767	4.634368	0.0001
$\Delta$ LRY	0.254239	0.441170	0.576283	0.5689
$\Delta$ LND	0.408981***	0.088101	4.642199	0.0001
C	-3.536855***	0.626679	-5.643804	0.0000
EC(-1)	-0.380837***	0.066164	-5.755934	0.0000

$\bar{R}^2 = 0.652$ $\hat{\sigma} = 0.073$	$AIC = -2.186$	$SIC = -1.838$	$\chi_{sc}^2(2) = 3.529$	$[0.1713]$
$\chi_H^2(7) = 9.212$	$[0.237]$	$JB = 0.912$	$[0.633]$	$F\text{-stat}_{FF}(2, 27) = 2.750$
$[0.0818]$				

Notes: the regression is based on the conditional ECM using an ARDL(1,1,1,1) specification with the dependent variable,  $\Delta LGR$  estimated over the period 1973 to 2010.  $\bar{R}^2$  is the adjusted multiple correlation coefficient,  $\sigma$  is the standard error of the regression, AIC and SIC are Akaike's and Schwarz's Bayesian Information Criteria, respectively,  $\chi_{sc}^2(2)$ ,  $\chi_H^2(7)$ , and JB are chi-square, statistics to tests for no-residual correlation (Breusch-Godfrey test), no heteroscedasticity, normal errors (Jarque-Bera), respectively, with p-values in [.]. EC stands for error correcting term.

In the short-run, a rise in the national debt leads to an increase in government expenditure and revenue in both Barbados and Jamaica. A 1% increase in the debt gives rise to a similar 0.3% increase in both expenditure and revenue for Barbados. In the case of Jamaica, a 1% rise in the debt causes revenue to increase (0.4%) at almost double the rate of expenditure (0.23%).

Apart from all of the critical regressions being checked for serial correlation, heteroscedasticity, functional form, normal errors, the CUSUM and CUSUM squares tests were used to check for stability in the coefficients over the sample period. The results reveal stable coefficients.

## Conclusion

The paper introduces a new fiscal system to the literature via an Augmented Baumol-Spannmodel that permits a way to directly measure fiscal stability in the realm of the cobweb theorem. The system addresses previous shortcomings in the literature by: (1) specifying from the same theory both an upward sloping government revenue/demand function and a downward sloping government expenditure/supply function and (2) treating government behaviour in an endogenous rather than exogenous way, resulting from (1).

The use of the bounds testing approach to cointegration allows for the empirical testing of the concept of fiscal stability developed in the article. The results suggest that fiscal stability holds for Barbados in both the long and short-run. While for Jamaica, fiscal stability does not hold in the long-run and is inconclusive in the short-run. For Barbados, in the short-run, the tax price and real income variables are dominant, whilst for Jamaica, the

two dominant variables are the tax price and national debt. In both countries, income and debt are the two most important variables explaining government expenditure and revenue in the long-run.

Understanding the concept of fiscal stability is important in the context of managing small open economies with productivity issues in the public sector. Perhaps the empirical results are suggestive of a wider unbalanced productivity gap between the public and private sectors in Jamaica relative to Barbados. In both countries, the relative inefficiencies contribute to the high and persistent fiscal deficits, which when financed by credit creation at the central bank causes depletion in the foreign reserves. As the latter relationship is well known in the literature as the critical cog in the monetary approach to the balance of payments, it is imperative that the predetermined fiscal condition is understood, estimated and forecasted.

From a policy perspective, the best way to achieve fiscal stability in the long-run is to reduce the productivity gap between the public and private sectors. This would lower the relative price of public sector goods and services *vis-à-vis* the private sector. On the historical evidence, economic growth in the two countries encourages more government spending than it increases government revenue. Therefore, the governments would have to make a greater effort at containing the rate at which expenditure grows relative to revenue in the future. However, once the economy is growing, the relative size of the government sector would decline but not necessarily the absolute size.

In the face of the theoretical and empirical findings in this essay, there is scope for research to test fiscal systems empirically as separate equations; a reduced-form equation; a disequilibrium system or as part of a larger structural model. Furthermore, an analysis of fiscal stability can be conducted on just the current account of the government. This would lend to disaggregation of the data along economic classification lines that is better for policy formulation.

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## **Defining Intra-Caribbean Relations in a Post-Preference Era: Caribbean Regional Integration driven by Exogenous International Trade Pressures**

Alicia Nicholls

*Consulting Legal Researcher, FRANHENDY Attorneys*

and

Yentyl Williams

*Researcher, University of Ghent*

### **Abstract**

This paper analyses three international trade developments which will have an impact on Caribbean trading relations with its main external partners: First, the Caribbean's main partners, the US and EU are negotiating the Trans-Atlantic Trade and Investment Partnership (TTIP). Though the future of the TTIP negotiations remains uncertain, the Trump Administration has not expressly shelved the discussions. Second, the Caribbean Forum (CARIFORUM) countries were the first of the Africa, Caribbean and Pacific (ACP) group to sign a comprehensive Economic Partnership Agreement (EPA) with the EU. This may be complicated by the UK's withdrawal from the EU and pivot towards the Commonwealth. However, the Latin America and Caribbean (LAC) framework is gaining attention in post-Cotonou debates. Third, French Caribbean islands are strengthening relations with CARICOM, despite tensions arising from 'l'octroi de mer' (dock dues). This paper concludes that these extra-Caribbean forces will exert more pressure on the Caribbean to unite in order to be better able to weather these headwinds.

**Key Words:** CARICOM, CARIFORUM, TTIP, EPA, ACP, LAC, octroi de mer

## Introduction

From as early as the colonial era, exogenous political forces sought to bear integrationist pressure on the territories that would become the member states of the Caribbean Community (CARICOM) (Payne 1980). In the post-colonial epoch however, the central thrust propelling the economic integration of the Caribbean region has been the indigenous recognition that the disadvantages of small size could only be mitigated through unity (Palmer 2011). The founding fathers of the Original Treaty of Chaguaramas, which established the CARICOM were resolute in their desire that by building on the historical bonds and pooling the Community's resources, the economic, social, political and cultural development of the region's peoples would ensue. However, four decades on, CARICOM appears to be stuck 'on pause'.<sup>1</sup> The sluggish progress towards the consolidation of the CARICOM Single Market and Economy (CSME), coupled with an increasingly fragmented foreign policy, has fomented disillusion about internal commitment to the integration process. The converging crises – embodied in eroding trade preferences, the slow and uneven recovery from the global economic and financial crisis of 2008/9, the shifting geopolitical landscape and the re-routing of Official Development Assistance (ODA) towards Least Developed Countries (LDCs) – have not only forced CARICOM countries to increasingly prioritise their own internal and national affairs over community affairs, but further relegated an already marginalised region to the realms of geopolitical inconsequentiality. It is within this scope that the tacit agreement by CARICOM leaders in 2011 to literally put the CSME on 'pause' was seen as both an unfortunate and retrograde step.<sup>2</sup>

However, a triptych of important international trade developments, which have non-negligible implications for the Caribbean, appear to be factors

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<sup>1</sup>See Caricom press release which states that the CSME 'on pause' is far from the truth. See also Girvan's reference to Prime Minister Dr. Ralph Gonsalves public letter about the CSME being 'on pause'. La Rocque, I. (2011), Caricom Press release. Aug. 2016. [http://archive.caricom.org/jsp/pressreleases/press\\_releases\\_2011/pres310\\_11.jsp?null&prmf=1](http://archive.caricom.org/jsp/pressreleases/press_releases_2011/pres310_11.jsp?null&prmf=1) Girvan, N. (2013), 'Reinventing the CSME', Address to the Caribbean Association of Judicial Officers. Aug. 2016. <http://www.normangirvan.info/wp-content/uploads/2013/09/CAJO-ADDRESS-By-Girvan.pdf>

<sup>2</sup>There is substantial literature on the CSME 'on pause', particularly via Caribbean newspapers. See 'Caricom in paralysis' (2011), *Jamaican Observer*. Jan. 2016. [http://www.jamaicaobserver.com/columns/Caricom-in-paralysis--Single-economy-on--pause-\\_8905424](http://www.jamaicaobserver.com/columns/Caricom-in-paralysis--Single-economy-on--pause-_8905424)

which will exert pressure on CARICOM to unite against global headwinds. First, the Caribbean region's main trade and investment partners, the United States and the European Union, are negotiating the Trans-Atlantic Trade and Investment Partnership (TTIP). Although the future of these negotiations remains uncertain with the election of President Donald Trump, the uncustomary silence of the administration on its views on the TTIP may well suggest that we have not heard the final word on the negotiations. Second, the Caribbean Community (CARICOM) and the Dominican Republic (CARIFORUM) were the first of the Africa, Caribbean and Pacific (ACP) group to sign a comprehensive Economic Partnership Agreement (EPA) with the EU in 2008, within the framework of the Cotonou Partnership Agreement (CPA). The CPA is due to expire in 2020 and there are already early indications from the EU's trade and investment strategy, *inter alia*, that future relations with the Caribbean will take place under the Latin America and Caribbean (LAC) framework. Third, the French Caribbean islands, while Overseas Departments (Département d'Outre-Mer, DOM), are strengthening their relations with the CARICOM, in spite of certain tensions due to the application and existence 'octroi de mer' (dock dues) until 2020 and the inter-play with the EPA. Despite the more recent, and major results of the UK referendum to leave the EU, the empirical research for this article had already been completed before the results. Moreover, the debate on the British exit from the EU 'Brexit' opens up new and more complex issues as to what would be the future of the ACP once the UK leaves the EU, and in light of the UK's pivot to the Commonwealth of Nations. Overall, this article therefore gives a thorough overview of these three aforementioned trade developments. We aim to provide insight into complex evolving relations both within and outside the region, which will impact future Caribbean regional integration.

The remainder of this paper is structured as follows. Section II provides an overview of the main EU integration theories applied to the process of Caribbean integration and the evolution of EU-Caribbean relations. Section III gives an overview of US-CARICOM relations, which sets the stage for the analysis of the EU-US TTIP agreement and the possible implications for the Caribbean region. Section IV provides an analysis of the relations between the French DOMs. Section V concludes by summarising the findings that extra-Caribbean forces will exert more pressure on the Caribbean to unite in the coming years.

The empirical analysis is based on participatory observations of key EU and ACP debates on the future of EU-ACP relations in Brussels and London, prior to the UK referendum on EU membership, hence why Brexit does not feature as one of our key areas of analysis. It is also based on a review of key literature of Caribbean integration and trade relations.

### **Background – The Caribbean and Theories of Integration<sup>3</sup>**

EU theories on integration can be applied to the Caribbean process of regional integration to bring greater understanding to the field. Moreover, there is a gap in EU literature wherein the close ties between the regions is recognised asymmetrically. In other words, it is the Caribbean region, which internalises its colonial history with the EU and not vice versa. In much of the EU literature on EU integration, the Caribbean region is non-existent. This article therefore takes an eclectic approach to innovate both fields of EU and Caribbean regional integration.

The motivations compelling sovereign states to seek political and economic association have long fascinated scholars (Mittrany 1965, Haas 1958, Nye 1971 amongst others). Building on the work of David Mittrany (1965), the Neofunctionalist School sought to explain European integration and other integration movements. In seeking to explain the European Coal and Steel Community (ECSC), the neofunctionalist Ernst Haas (1958) theorised that rather than altruistic motives, states are motivated by the gains, which can be better achieved as part of a collective than merely at the nation-state level. Haas formulated the concept of ‘spillover’ wherein he argued that “earlier decisions spill-over into new functional contexts, involve more and more people, call for more and more inter-bureaucratic contact and consultations, meeting the new problems which grow out of the earlier compromises” (372). Joseph Nye (1971) sought to reformulate the neofunctionalist theory. Critically, he formulated four conditions which he believed influenced the original commitment and evolutionary imperative of integration schemes: symmetry or economic equality of units, elite value complementarity, existence of pluralism and member states’ capacity to adapt and respond.

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<sup>3</sup>See also Report, (2011), ‘Caribbean Regional Integration,’ UWI Institute of International Relations, Trinidad and Tobago. [https://sta.uwi.edu/iir/documents/IIR\\_Research\\_Documents/IIRRegionalIntegrationReportFINAL.pdf](https://sta.uwi.edu/iir/documents/IIR_Research_Documents/IIRRegionalIntegrationReportFINAL.pdf)

However, neofunctionalism had its limitations and appeared to suffer a crisis in the 1970s when the EU integration process was experiencing a difficult period, including an expansion of membership and the divisive issue of UK contributions to the EU budget. It is during this period that inter-governmentalism theory flourished as a critique of neofunctionalism. Keohane and Hoffmann (1991) distinguished between high and low politics, arguing that while countries were willing to surrender decision making to a supranational authority in areas of low politics, integration is less likely in areas of high politics, particularly where one member state's national interest conflicts with another.

From as early as the colonial era, both exogenous and indigenous forces have sought to bind the islands of the Caribbean in political or economic matrimony. In the late 1800s and early 1900s British colonial authorities tried and failed to bring efficiency to their colonial administration of the British West Indian colonies through integration (see Springer 1962). By the early half of the twentieth century, with the support of the British colonial authorities, ten British Caribbean territories embarked on a political federation. The West Indies Federation encountered problems from the beginning,<sup>4</sup> with both British Honduras (Belize) and British Guiana (Guyana) opting not to take part from the outset, while other fundamental differences emerged between some of the countries with regards to the Federation's political and financial operation. By the time Jamaica gained independence and left the Federation in 1962, followed by Trinidad and Tobago that same year, the Federation had begun to disintegrate. A failed attempt was made by the remaining eight members of the Federation, comprising of Barbados and the islands of the Eastern Caribbean (see Lewis 1998).

By the 1960s, more autochthonous factors had ignited the integrationist drive, driven by the realisation that unity was a lifebuoy in post-colonial waters. After the failed political federation, it was decided that economic integration was more feasible. In 1965 the Caribbean Free Trade Association

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<sup>4</sup>The members of the West Indies Federation included Antigua, Barbados, Dominica, Grenada, Jamaica, Montserrat, St. Kitts-Nevis-Anguilla and Trinidad and Tobago.

(CARIFTA)<sup>5</sup> was born between Barbados, Guyana (formerly British Guiana) and Antigua, creating a free trade area (FTA) among the three colonies, later independent countries. Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia, St. Vincent, Jamaica, Montserrat and Belize later acceded to the agreement. Following the decision at the Seventh CARIFTA Conference of Heads of Government in 1972 to turn CARIFTA into a common market and customs union, the Treaty Establishing the Caribbean Community (Original Treaty of Chaguaramas) was signed in 1973 at Chaguaramas, Trinidad. The timing of CARICOM's birth coincided with the UK's accession to the European Union in the very same year.

It would appear that the intergovernmental theory is more applicable to the post-independence Caribbean integration experience to date; the functional cooperation aspect of the integration movement has been more successful than the foreign policy or economic components. However, the theory of Open Regionalism, which has been used to describe the Asia-Pacific regional integration experiences during the 1980s and 1990s may also be usefully applied to the Region. Garnaut (2004) identified three separate elements of Open Regionalism in the Asia Pacific, namely (i) regional cooperation in multilateral and other extra-regional trade negotiations to secure non-discriminatory trade liberalisation at home and abroad, (ii) cooperation to reinforce efforts in unilateral liberalisation amongst like-minded regional economies, with the objective of reinforcing political support for and (iii) agreement to liberalise on a Most-Favoured Nation basis in particular sectors that were of interest to regional economies.

Open Regionalism explains some aspects of CARICOM's integration. CARICOM, Member States have cooperated in both multilateral and extra-regional trade negotiations. The Region currently has one full free trade agreement, as well as partial scope agreements with the Dominican Republic, Costa Rica, Cuba and Venezuela. The Region has also cooperated together, and with other developing countries, in the World Trade Organisation (WTO) negotiations, particularly on issues of special importance to small states through the Small, Vulnerable Economies (SVEs) group. CARICOM Members have also agreed to reduce barriers to trade amongst themselves.

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<sup>5</sup>Text of the Agreement Establishing the Caribbean Free Trade Association [http://www.caricom.org/jsp/secretariat/legal\\_instruments/agreement\\_carifta.pdf](http://www.caricom.org/jsp/secretariat/legal_instruments/agreement_carifta.pdf) Jan. 2016.



## Evolution of Caribbean-EU Relations

The Caribbean's integration efforts were evolving at the same time as Europe's mechanisms for engagement with its colonies in the colonial and post-colonial era. The processes were parallel and independent, although it is well-noted that the EU had been seen as a model of integration to which the Region should aspire, prior to current developments within the EU.<sup>6</sup> In the Treaty of Rome which established the European Economic Community (EEC) in 1957, the six EEC member states agreed to associate their then colonies (termed 'Overseas Countries and Territories', *OCTs*) with the twin purpose of promoting the economic and social development of the countries and territories and to establish close economic relations between them and the Community as a whole.<sup>7</sup> The framework of this association, which continues to define CARICOM countries' relationship with Europe as part of the Africa, Caribbean and Pacific (ACP) grouping, has evolved over time, shifting its contours in response to decolonisation, the gradual enlargement of the European Union over time, geopolitics and the effects of globalisation, including the World Trade Organisation's (WTO) rulings against the EU's preferences given to ACP banana exports. Up until the end of the Lome IV, the trading relationship consisted of non-reciprocal, unilateral preferences provided by the EU to ACP countries for certain ACP-originating goods entering into EU countries' markets. It should be noted that services trade, which accounts for the lion's share of exports of most CARIFORUM countries<sup>8</sup>, was not covered under these preferential arrangements

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<sup>6</sup>There has been some discussion that the EU faces a potential 'existential' crisis in light of the developments with Brexit and strong anti-EU sentiment expressed by right-wing, nationalist parties, particularly France's National Front. See the statements made by EU Chief Brexit Negotiator, Guy Verhofstadt <http://www.express.co.uk/news/world/784271/guy-verhofstadt-manfred-weber-eu-brexit-negotiator-european-union> (Accessed April 2, 2017).

<sup>7</sup>Article 131 of the Treaty of Rome.

<sup>8</sup>Most CARIFORUM countries are classified as services-based economies, based primarily on tourism and/or international business and financial services. The commodities-based economies are Trinidad and Tobago, Belize and Suriname.

Table 1 below shows the evolution of the ACP-EU framework from 1963 to 2020.

**Table 1: ACP-EU Agreements, from Yaoundé to Cotonou, 1963-2020**

Framework	Date
Yaounde I*	1963
Yaounde II*	1969
Lome I	1975
Lome II	1980
Lome III	1985
Lome IV	1990
Lome IV (Revised)	1995
Cotonou	2000
Cotonou (Revised)	2010

*\*Only African countries were beneficiaries under these Conventions*

What was once a primarily trade and economic based partnership characterised by non-reciprocal access to the European Market for sugar, bananas, veal, rice and beef, as well as development aid, was transformed into a relationship, which takes into account the need for reciprocity in trade relations, as well as augmented political dialogue and cooperation. The Cotonou Partnership Agreement (hereafter ‘Cotonou Agreement’) provided non-reciprocal duty free market access to all ACP countries until the WTO waiver granted in 2000 expired at the end of 2007. The decision was therefore made to negotiate WTO-compatible agreements between the EU and ACP countries, which were to come into effect before expiration of the WTO waiver, with the aim to replace the trade provisions of the Cotonou Agreement. The former European Commissioners for Development and Trade at the time, Louis Michel and Peter Mandelson, did recognise that “[t]he trade preferences of the Cotonou agreement, while well intentioned, have not succeeded in their objective of helping to integrate the ACP countries into the world economy, nor protected our trade relationship with the ACP from challenge by others in the WTO.”<sup>9</sup> Former EU Trade Commissioner Karel de Gucht also summarised

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<sup>9</sup>‘Economic Partnership Agreements: drivers of development’ (2012), European Communities, p.2. [http://ec.europa.eu/development/icenter/repository/EPA\\_louis\\_michel\\_en.pdf](http://ec.europa.eu/development/icenter/repository/EPA_louis_michel_en.pdf)

the challenges faced by the ACP countries in the following words: “as regards the economic fundamentals, the truth is that the current system has failed; that ACP countries have become increasingly marginalised in world trade, even with the generous tariff preferences since the Cotonou and Lomé agreements.”<sup>10</sup> The key objectives of the EPA negotiations as stated in Cotonou is to enable all ACP countries to participate fully in international trade, taking into consideration their different levels of development, as well as reinforcing and strengthening their regional integration commitments. In 2008 pursuant to the Cotonou Framework, CARICOM under the CARIFORUM Framework (CARICOM plus the DR), became the first of the ACP regions to sign a ‘full’ EPA with the EU.<sup>11</sup> The process of negotiating the EPA, however, had been anything but smooth and uniform, and there has been much pre and post-negotiation contention not just on the development-friendliness of the Agreement but whether it has lived up to its touted expectations of enhancing regional trade and development.<sup>12</sup>

Article 2 of the EPA makes it clear that the EU-CARIFORUM EPA builds on the fundamental principles of the Cotonou Agreement and the previous ACP-EC Partnership Agreements in the following areas: regional cooperation and integration and economic and trade cooperation. In many of its provisions, the EU-CARIFORUM EPA reflects the EU’s desire to deal with an integrated Caribbean as in the colonial period, similar to what was done by the colonial powers during the colonial era. Article 1(b) states that one of the Agreement’s objectives is promoting regional integration between the Parties and in the CARIFORUM region. Article 4(2) expands on this imperative by noting the Parties’ reaffirmation and recognition of the importance of regional integration among the CARIFORUM States for achieving greater economic opportunities. Article 4(4) explicitly states that the pace and content of regional integration are matters to be determined exclusively by the CARIFORUM States. Additionally, Article 238 sets out

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<sup>10</sup>Karel de Gucht, European Commissioner for Trade, ‘A Partnership of Equals,’ (2012), 20th Session of the ACP-EU Joint Parliamentary Assembly, Kinshasa. Dec. 2012. [http://trade.ec.europa.eu/doclib/docs/2010/december/tradoc\\_147082.pdf](http://trade.ec.europa.eu/doclib/docs/2010/december/tradoc_147082.pdf)

<sup>11</sup>Most Parties signed on October 15, 2008. Guyana signed on October 20, 2008 and Haiti signed on December 10, 2009.

<sup>12</sup>See the works, for example, of the late Professor Norman Girvan <http://www.normangirvan.info/economic-partnership-agreement-epa/>

the provisions for strengthening integration through the regional preference clause.

### **Post-Cotonou EU-ACP relations and a shift to the EU-LAC Framework?**

The Cotonou Agreement is set to expire in 2020 and it is unknown whether the Agreement will be extended, reformed or totally rewritten (see Bossuyt, Niels, Medinilla and De Tollenaere 2016). In July 2015, the results of the five-year review of the EC-CARIFORUM EPA pursuant to Article 5 by the Joint CARIFORUM-EU Council were published. One of the challenges identified in the review was that “[w]ith respect to regional integration among CARIFORUM States, the implementation of Article 238 (‘regional preference’) has not yet materialised as contemplated.”<sup>13</sup> It also noted that while the “EPA contains a large number of articles related to CARIFORUM regional integration (in customs, SPS, services etc. (...) the potential of these articles for discussing and promoting regional integration has not yet been well exploited.”<sup>14</sup> It should be noted that upon the signing of the EPA there had been strong criticism by several noted regional academics against the Agreement.<sup>15</sup> Moreover, in regards to the operational and capacity constraints identified, it was noted that capacity limitations at the regional level mirrored challenges the region faces in general. These include limited human and financial resources and capacity limitations in existing regional institutions, such as the capacity to negotiate mutual recognition agreements, which are critical for CARIFORUM service providers’ access to the EU market.<sup>16</sup> CARIFORUM States still have not finalised the process

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<sup>13</sup>See ‘Five Year Review of the CARIFORUM-EU Economic Partnership Agreement – Joint Working Document’, (2015) pp.8. Feb. 2016. [http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc\\_154165.pdf](http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc_154165.pdf)

<sup>14</sup>*Ibid.*, 9.

<sup>15</sup>For example, Brewster (2008) noted that “The basic development problem of the African-Caribbean-Pacific Group of Countries (ACP), including those with relatively high incomes due to their endowment with petroleum and tourism resources, is inadequate, uncompetitive and undiversified productive capacity. Yet the present Agreement that the European Community (EC) has designed for them, that purports to be an Economic Partnership Agreement (EPA), is almost entirely about market access and other trade-related modalities.” See Brewster, H. (2008). *The Anti-Development Dimension of the EPA*. Retrieved from <http://www.normangirvan.info/wp-content/uploads/2008/04/hb-the-anti-development-dimension-of-the-epa.doc> (Accessed March 1, 2017).

<sup>16</sup>See ‘Five Year Review of the CARIFORUM-EU Economic Partnership Agreement – Joint Working Document’, (2015) pp.12. Feb. 2016. [http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc\\_154165.pdf](http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc_154165.pdf)

of approval of the draft Intra-CARICOM and the CARICOM-DR Mutual Recognition Agreements.<sup>17</sup> Clearly, the slow pace of integration among CARICOM States and between CARICOM and the Dominican Republic (CARIFORUM) remains one of the main challenges to the Agreement's functioning, which puts an additional external pressure on CARIFORUM States to deepen their integration efforts if they are to realise the full range of trade and economic benefits envisioned under the EPA. Moreover, there has been limited use of the Agreement by the region's private sector, for some of the reasons already mentioned. The exception is the Dominican Republic which has seen its exports to the EU increase.

While the CARFORUM countries signed the EPA in 2008, the other six ACP regions have been notably much slower to sign comprehensive agreements. Indeed, it has been suggested that the CARIFORUM-EU EPA will be the only 'full' and comprehensive EPA of the ACP group (Williams 2015). Indeed, the current state of play of the ACP-EU EPAs reveals how contested the EPAs are. To date, only the Southern African Development Community (SADC), East African Community (EAC) and the Economic Community of West African States (ECOWAS) have initialled regional EPAs. Yet, in the case of EAC, Uganda, Tanzania and Burundi have not signed the agreement, although the other parties, Kenya and Rwanda, have ratified the agreement. And similarly, in West Africa, only Ghana and Cote d'Ivoire are provisionally applying the agreement. The reality of the state of play of the ACP-EU EPAs in general, after negotiations began in 2002, openly demonstrates the contested nature of these agreements. In particular, reservations to even conclude 'interim' EPAs – not comprehensive EPAs – have centred on the following criticisms, namely, the harm that these agreements could have on infant industries, regional integration and most recently, there has been reservation on the benefits of the EPAs since the UK has begun its official withdrawal from EU membership.<sup>18</sup>

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<sup>17</sup>Ibid., 15.

<sup>18</sup>On June 23, 2016 some 52% of Britons voted in a referendum for the UK to withdraw from the EU. On March 29, 2017 the UK Government gave formal notification of its intent to withdraw from the EU

The divide that has emerged between CARIFORUM and the other African and Pacific EPAs has differentiated the CARIFORUM group for several reasons. First and most obviously, CARIFORUM is the only group to sign a comprehensive EPA beyond a goods-only agreement. This reinforces the region as different to the other ACP regional groups. Linked to this is the fact that apart from Haiti, Caribbean countries are all Middle-Income Countries (MIC). Barbados and Trinidad and Tobago are ranked as High Income (Non-OECD) Countries. These facts have wedged a divide between the ACP group and indeed, as concurrent debates on the Latin America and Caribbean pick up pace, there is evidence that one of the possible post-Cotonou configurations could include dividing the ACP group and putting the Caribbean with Latin America. Indeed, there was no majority or unanimity in the responses of the EU consultation on the future of ACP EU relations. The ACP group has officially stated that it shall endeavour to remain a united group beyond 2020 (see ACP Secretariat 2016), regardless of the evolution of its very specific relations with the EU. The key policy documents on the future of EU-ACP relations include, the European Economic and Social Committee report, the European Parliament Report and the initial draft outcome of the Commission's consultation.<sup>19</sup> This latter shall inform the Commission on its negotiating position on the future of EU-ACP relations. The EU-based European Centre for Development Policy Management (ECDPM) has also released a report which states three possible scenarios for post-Cotonou relations (Bossuyt *et al* 2016). However, it ought to be noted, that both inter- and intra-institutionally there is much divide on how the future of EU-ACP relations should evolve.

EU-LAC region-to-region summits take place every two years since the institutionalisation of EU-LAC relations in 1999. The 1st –summit between the Community of Latin American Caribbean States (CELAC) and the EU took place in 2011. At the 7th EU-LAC Summit in Santiago, Chile in January

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<sup>19</sup>‘Future of the EU’s relations with the ACP Group of countries (Green Paper)’ (2016), European Economic and Social Committee. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+COMPARL+PE-582.322+01+DOC+PDF+V0//EN&language=EN>; ‘The Future of ACP-EU relations beyond 2020’ (2016), European Parliament. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+COMPARL+PE-582.322+01+DOC+PDF+V0//EN&language=EN>; ‘Towards a New Partnership between the European Union and the Africa, Caribbean and Pacific countries after 2020 - Summary report of the public consultation’ (2016), European Commission. [http://ec.europa.eu/europeaid/news-and-events/results-public-consultation-future-eu-ACP-partnership\\_en](http://ec.europa.eu/europeaid/news-and-events/results-public-consultation-future-eu-ACP-partnership_en)

2013 inaugurated the EU-Latin America and Caribbean Foundation with the aim to contribute to strengthening the bi-regional partnership between the regions.<sup>20</sup> More specifically it promotes contact between civil societies. Former President of the Commission Barroso, was one of key officials to underline that “Our regions represent more than one billion people, almost a third of the UN membership, a quarter of global GDP (...) Global trade has doubled in the last decade to approximately 202 billions of euros (...) EU is the biggest investor and LAC countries are also investing more and more in Europe.”<sup>21</sup> Moreover Barroso underlines, “The importance of the flows between the European Union and Latin America and the Caribbean cannot be put in doubt - the figures speak for themselves. However, what is important is not just the volume, but also the quality - an aspect that matters a lot to Europe (Barroso 2013)”.<sup>22</sup> Additionally, The Joint Caribbean – EU partnership was signed in 2012 and held its second meeting in May 2016. In this meeting, the two sides agreed on the importance of “accelerating regional integration to support developmental goals in the Caribbean and, in this regard, called for the effective implementation of the CARIFORUM-EU Economic Partnership Agreement (EPA)”.<sup>23</sup> It is worth nothing that this meeting was chaired by the European External Action Service’s (EEAS) Head of Division for Central America and the Caribbean, as there is no ACP Division at the EEAS. This is reflective of a broader shift from ACP units to other regionally focused units.<sup>24</sup> Additionally, it may be worth to provocatively ask, whether the *quality* of future EU-ACP relations is enhanced in keeping with the EU-ACP framework or breaking away and strengthening the EU-LAC framework. At the most recent EU-CELAC and EU-LAC, Ministers assessed the state of play of the implementation of the CELAC-EU programmes and actions were adopted. However, there was no

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<sup>20</sup>The Santiago Summit builds up on six previous EU-LAC Summits held in Rio de Janeiro (1999), Madrid (2002), Guadalajara (2004), Vienna (2006), Lima (2008) and Madrid (2010).

<sup>21</sup>‘Declaración del Presidente Barroso tras la Cumbre EU-CELAC’, (2013), European Commission. Oct. 2016. [http://collections.internetmemory.org/haeu/20160313172652/http://europa.eu/rapid/press-release\\_SPEECH-13-58\\_es.htm](http://collections.internetmemory.org/haeu/20160313172652/http://europa.eu/rapid/press-release_SPEECH-13-58_es.htm)

<sup>22</sup>Ibid.

<sup>23</sup>See ‘Communiqué from the Cariform-EU Political Dialogue’, (2016). Aug. 2016. <http://caricom.org/media-center/communications/communiques/joint-press-communique-cariforum-european-union-political-dialogue-at-the-level-of-senior-officials-15-march-2016>

<sup>24</sup>The ACP group is not mentioned in the EU’s Treaty of Lisbon or the Global Europe’s communication. See European Commission, (2007) ‘Global Europe, Competing in the World’. Jan. 2016. [http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc\\_130376.pdf](http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130376.pdf)

mention of the EPA. Instead, the parties stated that, ‘In the context of our economic relations, instruments such as trade, economic partnerships and association agreements offer conditions and opportunities that should be harnessed to foster progress on regional integration, interconnectivity, social inclusion and cohesion.’<sup>25</sup> There was also no mention of future EU-Caribbean relations with the ACP Group. It is interesting to note that the EU has not formally set out their position on future EU-ACP relations, although the ACP states have recognised ‘the need to count primarily on ACP Member States’ own efforts and strengths, as well as the need for diversified partnerships if the ACP Group is to achieve a level of social and economic development’ (see ACP Secretariat 2016). This is important precisely to differentiate two ongoing debates that are confused as one, especially in Brussels EU-debates. On the one hand, there is a debate on the future of EU and ACP relations. On the other, there is debate on the future of the ACP group in its own right, irrespective of the multiple bi-regional dialogues that take place. This will be further complicated as the EU begins to shift focus to the Brexit negotiations with the UK, while the UK itself has made a clear pivot towards deepening relations with the Commonwealth, including through trade.

### **CARICOM-US Relations**

The Caribbean has had a long-standing relationship with the United States, which sees the economic and political stability in the Region (the US’ backyard) as key to its national security, foreign policy and trade and investment interests. The Dominican Republic is the only Caribbean country which enjoys a Free Trade Agreement (FTA) with the US (under CAFTA-DR). US trading relations with other Caribbean countries take place under preferential arrangements and under Most-Favoured Nation (MFN) conditions.

Caribbean countries benefit from the following preferential trade arrangements with the United States: the Caribbean Basin Initiative (CBI) and the Generalised System of Preferences (GSP). Most CARICOM countries currently enjoy non-reciprocal duty-free or reduced duty access

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<sup>25</sup>‘EU-CELAC relations : assessment of programmes and actions’, (2016). Oct. 2016. <http://www.consilium.europa.eu/en/press/press-releases/2016/10/26-celac-assessment/>



for most merchandise exports (about 5,700 HTS 8-digit tariff lines) to the US market under the CBI. The CBI is comprised of CBERA (non-expiring) and CBTPA (expiring September 30, 2020). Haiti also enjoys additional preferences under the HOPE Acts (Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and of 2008 (HOPE II)) and the Haitian Economic Lift Program (HELP) Act of 2010 which give preferential treatment to Haitian apparel, textiles, and certain other goods. The stated goal of the CBI is to contribute to the economic growth and development of beneficiaries.<sup>26</sup> Though a CARICOM country, Suriname is not a CBERA beneficiary. The CBI is a unilateral arrangement. The benefits are granted by the US to certain eligible goods from CBI beneficiary countries without reciprocal treatment being demanded for US goods. The CBI statutes outline several eligibility criteria which must be met before the president can grant such treatment to any beneficiary country. The CBERA was passed during the height of the Cold War and many of the eligibility criteria under the initial Act and in subsequent Acts have the objective of furthering US national security and foreign policy goals.

In May 2013, CARICOM countries signed a Trade and Investment Framework Agreement (TIFA) in Port of Spain, Trinidad following a meeting between CARICOM Heads of Government and the then US Vice President Joe Biden. The TIFA, an updated agreement to one signed in 1991, is not an FTA. While it outlines several objectives and goals, it does not create binding commitments or market access. It does, however, create a CARICOM-US Trade and Investment Council which will be charged with executing the agreement. An annex to the Agreement called the Initial Action Agenda sets out priority areas for action. In 2016 the US Congress passed the US-Caribbean Strategic Engagement Act, which was signed into law by then US President Barack Obama in December 2016. The Act declares that it is US policy “to increase engagement with the governments of the Caribbean region, including the private sector, and with civil society in both the United States and the Caribbean”.

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<sup>26</sup>The seventeen Caribbean beneficiary countries and territories are: Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

However, there has been a notable shift in US trade policy with the election of President Donald Trump as the 45<sup>th</sup> President of the United States. During the presidential campaign and currently as president, Mr. Trump has heavily criticised free trade agreements which the US has signed as ‘bad deals’ which are taking American jobs and undermining America’s prosperity.<sup>27</sup> As a non-reciprocal arrangement, there is some trepidation in the Region that the CBI and its associated programmes maybe viewed by the President as one of such ‘bad deals’ to be axed. However, it should be noted that the Region has a trade deficit with the US and the CBERA is seen as beneficial to US industry and jobs, it is unlikely, at least for now, that the CBERA will be among the list of US trading arrangements to be reviewed.<sup>28</sup>

### **The EU-US Trans-Atlantic Trade and Investment Partnership (TTIP)**

President Donald Trump has been critical of mega-regional trade agreements. He called the Trans-Pacific Partnership (TPP) “a rape of our country.”<sup>29</sup> However, he has largely been silent on the Trans-Atlantic Trade and Investment Partnership (TTIP) which the US and EU had been negotiating. The aim which is to establish a single transatlantic market place is not one the Region can afford to ignore given the possible implications for regional trade with these countries. The TTIP would be the largest bilateral trade and investment ‘agreement between developed countries in history, combining half of the world Gross Domestic Product (GDP) and one third of international trade with direct impact on 800 million people. Beyond the direct impact TTIP will have for constituents of the EU and the US, there has been limited discussion on its implications for third parties. The few studies that exist reveal mixed results for third countries in general, including developing countries and Caribbean in particular. The implications of the EU-US TTIP agreement for the Caribbean can largely be summed up as

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<sup>27</sup>One of Mr. Trump’s first actions as President was to sign an executive order directing the USTR to withdraw the US from the TPP, which had been signed by President Obama but was never ratified by Congress. On March 31, 2017 he signed an executive order mandating a country-by-country review of the US’ trading relationships to understand the sources of the US’ trade deficit. The only CARICOM country which enjoys a surplus with the US is Trinidad and Tobago and its surplus has been on the decline since 2011.

<sup>28</sup><https://www.congress.gov/bill/114th-congress/house-bill/4939>

<sup>29</sup><http://www.politico.com/story/2016/06/donald-trump-trans-pacific-partnership-224916>

having both positive and negative effects for the Caribbean, which should not be assessed in a vacuum. It is therefore important to recall the shifts in global trade towards a proliferation of Free Trade Agreements (FTAs), Regional Trade Agreements (RTAs) and Mega-Regional Trade Agreements (MRTAs)<sup>30</sup>, as a consequence of regionalism. Mazuka and Bishop have noted that “the US and EU are the most aggressive pursuers of FTAs, but certainly not the only ones; by early 2013, the WTO had been notified of a staggering 546 different RTAs and FTAs, 354 of which were in force at that point in time.” In other words, other regional agreements can also impact the Caribbean’s process of regional integration.

### **TTIP – the glass half empty approach: Preference erosion and trade diversion<sup>31</sup>**

Many of the tangible implications of TTIP already imply a possible continued marginalisation of developing Caribbean economies in world trade. Firstly, this is simply due to the fact that there are significant costs to being left outside of an MRTA, notably preference erosion and resulting trade diversion. The Bertelsmann Stiftung study explains, “If a few countries tear down the trade barriers among them but maintain tariff and non-tariff barriers against countries outside the agreement, there is trade creation that supports welfare among the partners but at the same time, trade with third parties is diverted.” This study explains two scenarios: the macro economic effects of eliminating tariffs and deep liberalisation, and logically concludes

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<sup>30</sup>Beyond TTIP, other mega-regional trade agreements merit attention for their impact on international trade rules and standards. While also negotiating TTIP, the US has contemporaneously launched negotiations for the Trans-Pacific Partnership (TPP) with twelve countries including Japan, Canada, Australia, Singapore, Mexico, Chile, New Zealand, Brunei, Peru, Vietnam and Malaysia. Additionally, the Regional Comprehensive Economic Cooperation (RCEP) is being negotiated between 10 ASEAN countries, including Brunei, Myanmar, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam, and also, Australia, China, India, Japan, South Korea and New Zealand. These agreements will inevitably have a cumulative effect on future of global trade relations, but it will also have a specific impact the Pacific region, which is part of the ACP group of states (and a member of the SIDS sub-committee) like the Caribbean countries.

<sup>31</sup> See Mthembu, P. (2014), ‘A TransAtlantic Partnership with Ripples across the Oceans: What does Africa stand to gain or lose?’ Graduate School of Global Politics (GSGP), Freie Universitat Berlin, p. 51. July 2014. [https://futurechallenges.org/local/lead\\_article/the-transatlantic-colossus/](https://futurechallenges.org/local/lead_article/the-transatlantic-colossus/). See also, Herfkens, E. (2014), ‘TTIP and Sub-Saharan Africa: A proposal to harmonise EU and U.S preferences’, John Hopkins University.

that the greater the liberalisation, the greater the trade diversion effects (see Annex).

In general, third countries that currently enjoy lower tariffs with negotiating partners to an FTA face a greater risk of preference erosion as a consequence of that FTA. Therefore, Caribbean countries stand to suffer from preference erosion as a result of the low tariffs that they currently enjoy under the different aforementioned preferential agreements, as well as the negotiated EPAs. At the same time, there may be limited preference erosion due to the fact that the Caribbean products currently being exported to both the EU and the US markets are different from the bulk of products traded between the EU and the US. In addition, the existing overall low level of tariffs at the MFN level between the EU and US also greatly reduces the scope for preference erosion.

The potential loss in competitive advantage that follows from trade diversion would impact the Caribbean trade agendas at the national and regional levels. In other words, if Caribbean trade with two of the world's most advanced markets was not an easy feat to begin with, TTIP will not make access into the transatlantic market any easier.

The concern of standards and rules-taking, or imposition is the second key implication of TTIP for Caribbean countries. Caribbean products would have to satisfy the standards put in place by the TTIP, in order to access the transatlantic market place. In order to remain competitive and to take advantage of market opportunities arising in the TTIP context, Caribbean exporters would have to adopt the very same standards as EU and US products in the transatlantic market. This could compromise infant industries by incentivising them to fulfil higher compliance, as well as impact their endogenous policy-making space. Responding to this will be a critical challenge for Caribbean economies, which currently represent just 0.25% of global trade.<sup>32</sup>

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<sup>32</sup>See 'Trade matters: New opportunities for the Caribbean', (2012), The World Bank. Aug. 2016. <http://documents.worldbank.org/curated/en/738061467998816272/pdf/93184-v2-P146683-Box391466B-PUBLIC-trade-caribbean-web.pdf>

The implications of rules and standard taking are even more acute when liberalisation in WTO+ issues, or the so-called ‘Singapore issues’ is taken into consideration. Yet, the aforementioned trade diversion and preference erosion outcomes apply in this case too. If Caribbean countries or regions negotiate new trade deals beyond goods, in order to remain competitive in a transatlantic market place, liberalisation beyond goods, in theory, would have to be equal to or deeper than the existing transatlantic agreement. In other words, Caribbean exporters would be subject to rule taking in new disciplines, such as investment, competition policy, intellectual property to name a few, beyond the already signed EU-CF EPA. This is especially problematic as Caribbean nations will become rule and standards takers, while not even having a seat at the negotiating table.

These concerns do not merely affect the SIDS of the Caribbean. Indeed, Turkey, who is in a Customs Union with the EU has already voiced concern noting that “If successfully concluded, TTIP will create an almost hegemonic pole of global standard setters [and] (...) would give their economies a sustainable competitive edge.” In this regard, to mitigate the potential negative spill-overs of TTIP, Turkey and others, have advocated for TTIP to include an accession clause.

### **Geopolitical Implications – The Overt vs. The Covert Approaches**

While the EU Trade Commissioner may refer to the creation of a ‘Transatlantic Internal Market’, former US Secretary of State Hilary Clinton was more overt in underlining the geopolitical importance of the agreement by referring TTIP as an ‘Economic NATO’. In line with Clinton, the US Ambassador to the EU Anthony Gardner explained,

There are critical geostrategic reasons to get this deal done. Every day since my arrival, I am reminded of the global context of why we are negotiating TTIP. Just look at what is happening in the Middle East, or Russia’s behaviour in Ukraine. We need this deal to help solidify further the transatlantic alliance, to provide an economic equivalent to NATO, and to set the rules of world trade before others do it for us (Gardner 2014).

In what crudely seems like a return to Cold War semantics, Caribbean nations will need to know where they currently stand and where they want to stand. From this point of view, the choice is somewhat equally crudely

put as accepting standards, rules and regulation-taking to remain with the ‘us’, or choosing another way with the ‘them’. A critical contribution to this debate highlights the pervasiveness of the trade rules being set with TTIP, emphasising the far-reaching and geopolitical spillover effect: “The drive to deepen EU-US relations through TTIP is widely seen as an attempt to sideline emerging economies such as China, Brazil and India that are now challenging the hegemony of the core capitalist powers. The European Commission has stated that TTIP will not only set standards for the EU and US but will also create its own normative expectations for other trading partners to adopt the same standards or find themselves marginalised in the global economy (Hilary 2014, 34).”

The combined population of Brazil, Russia, India, China and South Africa (BRICS) currently account for 40% of the world population and one fifth of international trade. The BRICS also have an ambitious agenda, including the creation of a BRICS bank and this is evidence of greater South-South cooperation. In this light, it is logical that the Brussels-based ACP Secretariat, has also recognised that as a group, the ACP “must try to enhance our relations with the merging countries known as BRICS. We must be more aggressive, more offensive to introduce our group to USA, Japan, Canada, and the Arabic countries (Sylla 2014).” Indeed, the ACP has just launched the ACP South-South hub in Equatorial Guinea.

Former Deputy Director General of the European Commission’s DG Trade warns that “relying on a “pincer” strategy (...) uses TPP and TTIP to circumvent and isolate China. This option, which is unreservedly supported by the EU, is a serious strategic mistake because it would lead to the development of trade and currency blocks and to commercial rivalry with the inherent risk of entering into military conflict.”<sup>33</sup> It is clear that over-emphasising the geostrategic element of TTIP risks portraying the agreement as a hegemonic venture. Yet, ignoring the important geostrategic implications can also prove just as much a risk.

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<sup>33</sup>Defraigne, P. (2014), ‘Departing from TTIP and Going Plurilateral’, Madariaga Paper. Nov. 2014. <http://www.madariaga.org/images/madariagapapers/october%202014%20-%20defraigne%20%20departing%20from%20ttip%20and%20going%20plurilateral.pdf>.

### **TTIP as Inclusive Not Exclusive – The Glass Half Full Perspective**

The CEPR study commissioned on the effects of the EU-US TTIP agreement states that TTIP will have a net positive effect for world trade, albeit least positive for Africa, and this may be extended to the Caribbean. The question for the Caribbean is therefore, how to take advantage of the positive spillovers of TTIP. The positive spillovers are largely, but not exclusively, linked to the growth effect potential of TTIP for third countries. This includes emphasising trade creation as opposed to trade diversion, and rules, standards and regulations ‘participation’. In this vein, the Caribbean can benefit from the growth effects stimulated by a successful conclusion of an ambitious TTIP agreement, by gearing up its own competitiveness on par with that of the EU and the US. If Caribbean governments can get their houses in order, in terms of supporting exporting sectors, both in the region and beyond, while also effectively managing tax and tourism, well-managed investment – by both foreign and Caribbean investors – can bring prosperity. Meeting EU and US standards has the potential to enhance the Caribbean’s standing in ‘Doing Business’ reports, while also sending a strong message to foreign, local, regional and diaspora investors of the Region’s openness to investment. Harnessing the endogenous regional integration process, implementing the concluded trade agreements and making strategic decisions about future trading partners can equate with net gains for the region. As such, the Caribbean would be in a position to gain from TTIP, and other such MRTAs.

As TTIP negotiators have chosen to be pragmatic rather than overly optimistic, they are aiming for mutual recognition in TTIP, as opposed to setting new, presumably higher standards across a transatlantic regulatory corridor. In this regard, so long as Caribbean exporters can achieve the EU standard, as they are already required to under the EPA, they will by default also be able to export to US markets, creating trade opportunities as opposed to diverting them. For the Caribbean, this could be healthy if the Region can be pressured to improve competitiveness both home and away and will also serve as an impetus for innovation by the Caribbean Small and Medium Enterprises (SMEs) and the Caribbean private sector at large. This is especially important in the paradigm of increased emphasis on private-public partnerships, which will strongly shape the future of international relations. By addressing the opportunities that may be sought from a MRTA

such as TTIP, the focus remains on striving to achieve the potential net gains for the Caribbean and making them a reality.

In the limited but rich literature on the subject of TTIP and the implications for third countries, several authors have highlighted the possibility of harmonising existing preference schemes. In this scenario, the decision to harmonise preferences in existing direct trade agreements with the Caribbean must be taken exogenously by the EU and US negotiators. Caribbean countries can also take steps towards minimising their vulnerability by expanding intra-Caribbean trade through further regional integration and expanding trade with emerging powers, who have strengthened their political and economic relations in recent years. At the endogenous level, this specifically implies the successful implementation of the Caribbean Single Market and Economy (CSME). Another novel positive spillover effect of the TTIP debate for the Caribbean would be the impetus to spur the South-South dialogue, which in turn could level the North-South playing field. This chimes in tone with the aforementioned new directionality of the ACP Secretariat in Brussels who in approaching the 2020 end of the Cotonou agreement with the EU, is seriously questioning its future in a globalised world.

The future of the TTIP is uncertain at this stage. However, it may be argued in given the Trump administration's silence on the future of the negotiations, particularly when contrasted with the condemnation it levelled at the TPP, there is the possibility that the Trump Administration may resume the negotiations at a later date.

Assuming that the Administration does the latter, it is clear that the TTIP does have implications for the Caribbean. What therefore are the policy implications and recommendations for the region? For the purpose of this paper, we have identified three. First of all, the TTIP and the other emerging MRTAs must be a wake-up call for the Caribbean region to get its house in order with regards to its own economic integration agenda. In this regard, the implementation of the consolidation of the CSME must be top priority. This may help to balance some of the possible losses that may come from the erosion of preference in the EU or US markets.

Secondly, related to this is the need for the Caribbean to address its trade competitiveness challenges by addressing the supply side constraints that have prevented the Region from diversifying its exports, which have in



turn reinforced the need for preferential tariffs to enable the continent to be competitive in global markets. This is the fundamental challenge of the Caribbean's participation in the global trading system, and it needs to be addressed at the Region-wide level.

Thirdly and lastly, from the above discussion, it is clear that the Caribbean region's ability to influence the rules that govern global trade is enhanced in a multilateral context. In this regard, the region must continue to advocate and work towards the strengthening of the multilateral system, to avoid a situation where the rules affecting its trade are set in discussions to which it is not party. Complementary to this is the need for the region to engage the EU and the US on the issues being negotiated in the TTIP and the possible direct and indirect implications for Caribbean economic development and structural transformation. At the very least, the region should advocate for consistency and coherence in the policies of its trading partners to ensure that trade remains a viable tool for the sustainable development.

### **EU Overseas Regions and the Caribbean**

In the Caribbean, there are a total of four French 'outermost regions' (ORs, include Martinique, Guadeloupe, French Guiana and Saint Martin) and twelve 'overseas territories', including five British, six Dutch and one French territory. Article 239 of the EU-CARIFORUM EPA envisions cooperation between CARIFORUM States and the ORs of the European Union in the Caribbean given their geographical proximity to CARIFORUM States. The ORs are provided for in Articles 349 and 355 of the Treaty on the Functioning of the European Union (TFEU) as extensions of European Union territory. CARIFORUM trade with the FCORs is small but important (Caribbean Export Development Agency 2014). Despite Article 239 of the EPA, the five year EPA review observed that "the evidence suggests that there has been limited to no growth in trade between CARIFORUM and Martinique, Guadeloupe, French Guiana and Saint Martin".<sup>34</sup> The Review identified several factors which limit trade between CARIFORUM States and the ORs, one of which is the *octroi de mer*. *Octroi de mer* (dock dues) are a tax

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<sup>34</sup>'Five Year Review of the CARIFORUM-EU Economic Partnership Agreement – Joint Working Document', (2016), European Commission.16. Feb. 2016. [http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc\\_154165.pdf](http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc_154165.pdf)

applied on all goods entering into the FCORs, including from CARIFORUM states. Research by Caribbean Export shows that CARIFORUM States maintain a positive trade balance with FCORs, with mineral-based products, metals and chemicals from Trinidad and Tobago comprising the majority of CARIFORUM exports to the FCORs (Caribbean Export Development Agency 2014, 6).

The recent extension of the *octroi de mer* from 2015 to 2020, up to the very same date as the expiry of the Cotonou agreement, underscores the selective use of such concepts of policy coherence for development (PCD). In fact, the extension of the *Octroi de Mer* is in direct conflict with the purported regional integration aims of the CF-EU EPA. Furthermore, it is rather ironic that this was a key issue raised amongst the CARIFORUM Consultative Committee during their first meeting at the European Economic and Social Committee,<sup>35</sup> yet by the following month this legislation was renewed in the European Parliament. The case of how this renewal went through emergency procedure in the European Parliament to be extended for a further five years is emblematic of many unfortunate disparities and incoherencies in EU-ACP relations. At once, it points to the lack of awareness and engagement of Caribbean civil society in European institutional processes. This also acts as a stark reminder of the importance of bolstering words and rhetoric with concrete and concerted action. After all, had 10 per cent of the members of the European Parliament Regional Committee been fully aware of the dynamics and the detrimental implications of the extension of the *Octroi de Mer*, the extension could have delayed, perhaps even stopped. Indeed, post-extension the European counterparts, including MEPs who would have been interested to act on this front were unaware of both the contention and the passing of the extension due to the fact that this is a competence of the 'Regional Development' Committee in the European Parliament. In other words, while it is an issue that is very important for ACP stakeholders, as the regions concerned are still EU territories, this act was passed in the Regional Committee of the Parliament as opposed to the ACP-EU Joint Parliamentary Assembly, in what retrospectively seems a rather *huis clos* manner.

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<sup>35</sup>EU-Cariforum Consultative Committee PowerPoint presentation (2015), European Economic and Social Committee. Aug. 2016. [http://trade.ec.europa.eu/doclib/docs/2011/april/tradoc\\_147830.pdf](http://trade.ec.europa.eu/doclib/docs/2011/april/tradoc_147830.pdf)

It has been long noted that the *Octroi de Mer* creates trade distortions in the Caribbean, unfair competitive advantages, as well as contradicting not merely the logic of free trade but also sustainable development (Bishop 2011). A recent publication highlights the legal inconsistencies between the *Octroi de Mer* and the CF-EU EPA, and, importantly, how the combined result is incoherence with regard to promoting regional integration (Renfurm 2015). Indeed, the same justifications used for maintaining the *Octroi de Mer* for the French overseas territories, such as reference to their small size and vulnerability to external shocks, can be applied equally to SIDS. Consequently, this episode not only undermines Article 12 of the Cotonou agreement, which states that the EU should consult with the ACP on issues of pertinence, but also the very *raison d'être* of the EPA, to promote further regional integration in the Caribbean pursuant to Article 239 of the EPA. It also therefore runs inherently counter to the broader principle of PCD. Seven years into the provisional application of the EPA, all stakeholders should have been ready to act on this issue, as important as it is for the region. Failure to do so merely reinforces the lack of synergies from an agreement that lacks optimality. Moreover, it shows lack of learning in the process of EU-ACP relations, if the issue could so easily be renewed, while it is also so openly contested. The upcoming review in 2017 does however offer ACP states in general, and SIDS in particular, a critical opportunity to respond.

Article 239 of the EPA sets out that CARIFORUM countries should aim to seek closer cooperation with the FCORs. Indeed, this has been acted upon since CARIFORUM has begun policy and political dialogue with the FCORs to address the issues barring trade between CARIFORUM countries and the FCORs, including the issue of *octroi de mer*. This thrust by CARIFORUM was commended in the EPA Review.<sup>36</sup> Additionally, the EU-CELAC joint statement also recognises “the efforts made in the Caribbean region to integrate the European Union Caribbean Outermost Regions (ORs) and Overseas Countries and Territories (OCTs) into the developmental processes in the wider Caribbean, and committed to building on new opportunities and initiatives such as the European Union territorial cooperation programmes for 2014-2020.”<sup>37</sup> Additionally, the statement also recognises the similar

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<sup>36</sup>EPA Review, *Ibid.* p. 17.

<sup>37</sup>‘EU-Cariforum high level meeting’ (2015), Joint press communiqué. Aug. 2016. <https://eulacfoundation.org/en/system/files/150611%20PRE-FINAL%20EU%20CARIFORUM%20JOINT%20PRESS%20COMMUNIQUE%20AFTER%20HIGH%20LEVEL%20EVENT.pdf>

statuses of the islands, “CARIFORUM States are Small Island and Low Laying Coastal Developing States and, like the Caribbean ORs and OCTs, are characterised by special needs and vulnerabilities, including the reality of the high level of indebtedness and the difficulty in accessing concessionary sources of financing for some SIDS”.<sup>38</sup> But are we moving beyond an era where the EU defines the Caribbean and can the Caribbean ever define itself?

## Conclusion

Exogenous pressures have long played a pivotal role in propelling Caribbean integration from the earliest days of the West Indies Federation. While indigenous factors, such as the recognition of strength in unity, was a motor for the regional movement in the immediate post-colonial epoch, the slow pace of integration has been symptomatic of the reality that the integrationist thrust is not driven by indigenous factors alone but is in many respects a response mainly to exogenous factors. This paper has sought to show that three main exogenous factors, namely the changing ACP-EU relationship, the negotiation of the TTIP and the issue of the *octroi de mer* will make it increasingly important for Caribbean countries to both deepen and widen their integration. The paper notes that the election of US President Trump and the Brexit will have an impact on these dynamics. Certainly with regard to the former, it portends for a more isolationist period in geopolitics than previous seen. As such, the consolidation of the CSME is a must in order to assist CARICOM countries’ ability to weather the headwinds of an increasingly uncertain geopolitical climate.

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<sup>38</sup>ibid.

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## **Reproductive Rights and Citizenship: Understanding the State's Inability to Implement the Abortion Laws of Guyana**

Tivia Collins  
*Institute for Gender and Development Studies,*  
UWI, St. Augustine

### **Abstract**

This paper examines the state's treatment of sexual and reproductive rights in Guyana through the 1995 Medical Termination of Pregnancy Act. It addresses the ways in which the lack of implementation of the abortion law can be read as the state's desire to reproduce a certain kind of acceptable citizen and regulate sexual bodies by determining what rights women can and cannot have access to and how they are allowed to access them. This research offers a historical analysis of the abortion law in Guyana, alongside a critical review of the actions by government that contributed to the passing of the law. The researcher explores the relationship between sexual citizenship and the state's expression of power by highlighting ways the state denies certain types of bodies their rights by not implementing the abortion law. Finally, the project offers recommendations to have the abortion law implemented without reservation.

**Key Words:** abortion law; sexual citizenship; women's rights; sexual rights; reproductive rights; Guyana.

## Introduction

Women's reproductive and health rights have been placed under the spotlight consistently within the last few decades in the Caribbean, but countries have taken little action to guarantee women's right to have an abortion. Though abortions are generally illegal in the Anglophone Caribbean, there are various legal interpretations and case law which allow for abortions under certain circumstances. For example, in several states an abortion is legal if it protects the woman's life or guarantees her physical health and mental stability.<sup>1</sup> However, anti-abortion laws dominate and overshadow any possible progress made around women's sexual and reproductive health and rights over the last fifty years (Population Reference Bureau 2011, 58). Guyana has the most liberal abortion law in the Anglophone Caribbean, where it has been legal since the passing of the Medical Termination of Pregnancy Act in 1995. However, research done on Guyana's abortion law, and my own investigations, revealed that private hospitals offered abortion services at a cost. While from 1995 to 2016 public hospitals and public health institutions did not offer the service as allowed under the law, thereby making it virtually inaccessible to poor, working class women. Further research revealed that the state and women's rights organisations have been embroiled in a debate over the responsibility for implementation of the abortion law, with little mention or acknowledgement of how the resistance to implementation has affected the lives of women.

In this article,<sup>2</sup> I investigate the politicisation of women's sexual and reproductive rights. I frame politicisation as an examination of how the state exercises its power to regulate sexual bodies by determining what rights women can and cannot access. In order to do this, I examine the relationships between sexual rights, citizenship law, representation, religion, cultural norms and sexuality within Guyana to better understand the factors that influence law and policy at every stage of the policy cycle. Additionally,

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<sup>1</sup>Antigua and Barbuda and Dominica allow an abortion to save the life of a woman; The Bahamas, Jamaica, St. Kitts and Nevis, St. Lucia and Trinidad and Tobago allow an abortion to preserve mental health, physical health and the life of the woman; St. Vincent and the Grenadines and Belize allow an abortion for socioeconomic reasons in addition to the reasons above (United Nations 2016)

<sup>2</sup>This article is culled from my larger MSc thesis, submitted in June of 2016 to the University of the West Indies, which focused on the roles of the state, the church and three non-governmental organisations in the development, passage and implementation of the abortion law of Guyana (Collins 2016).



I explore how the state's constructions of citizenship directly impact upon its relationship to women's sexual and reproductive rights.

## **Background**

The abortion debate in Guyana began in 1971 with a committee (comprising lawyers, doctors, members of the church and several women's organisations) established to examine the issue (Ramsroop 2013), but political instability in the 1970s and 1980s led to major delays in its work. In 1988, the Pro Reform Group (PRG) was reconvened and its members began public consultations on the bill. This saw the bill being redrafted several times based on requests from the Pro Reform Group. Throughout the two-year period before the Medical Termination of Pregnancy Act was signed into law by the then President Dr. Cheddi Jagan, there were intense public debates with political leaders, the catholic church, non-governmental organisations and the general public (Delph and Nunes 1995, 14). On one hand, the PRG had provided extensive research that established the need for a liberal abortion law in Guyana; while on the other, the Christian community, led by the Catholic Church, pressured the government to prevent the passing of the abortion law (Deolaall 1993a). This was significant because the Catholic Church had influence over Guyana at that time. The power of the Catholic Church is one inherited from colonisation, but its relationship with the state strengthened in the late 20<sup>th</sup> century after globalisation trends found the Caribbean attempting to protect itself from selected aspects of Westernisation (Alexander 1994, 20). During the political instability of the 1970s and 1980s, the Catholic Church's power in Guyana increased as political leaders turned to it to provide moral and ethical guidance for the state (Nunes 2012). Then in 1992, the Catholic Church played a critical role in calling for free and fair elections and thereafter began to formally influence public policy and constitutional reform in Guyana (Editorial 2000). The abortion debate saw catholic activism at the centre of media attention, with an intense pro-life campaign on television and radio stations, demonstrations in front of Parliament Building and weekly paid advertisement in the newspapers, calling for an end to abortion considerations under law. However, the Catholic Church was unable to prevent the passing of the Medical Termination of Pregnancy Act due to various competing factors including the position that the law would bring an end to maternal mortality and therefore improve women's reproductive health in Guyana (Teixeira 2016). The passing of the law made Guyana the second

country in the English-speaking Caribbean to introduce such legislation<sup>3</sup> and Guyana's law went further in liberalising abortion by guaranteeing that the service be provided on demand. Many believed that this meant major progress for Guyana as rights activists and women's organisations recorded an unexpected victory with the passing of the law. Dr. Noel Blackman, a medical doctor attached to the Georgetown Public Hospital at the time, noted that there was a steady sense of anticipation about "our prospects of finally getting on our books a balanced, liberal abortion law, which should be implemented quickly" (Blackman 1995). While Danuta Radzick noted that members of Pro-Reform Group were pleased that their work led to the passing of a very liberal law within Guyana, and they were all prepared to move forward with the next steps to ensure its implementation (Radzick 2016). However, drawing on work by Nunes (2012; 2014) and Delph and Nunes (1995; 1997), this study argues that the disconnect between policy formation and implementation proved to have a crippling effect on sexual and reproductive rights, and women's rights in particular, in Guyana. This has resulted in, twenty-one years of inaccessibility to safe abortions at public hospitals across the country.

### **Theoretical and Conceptual Frameworks**

The perspectives, beliefs and ideas that govern this research project prompt considerations of a number of relevant concepts that help build my understanding of the issue in focus. Here I discuss the theoretical framework for this research and explore the key concepts in an effort to contextualise the research, towards a critical evaluation of the abortion law formation and implementation in Guyana.

On January 17, 2016, the United Nations Human Rights Committee set a legal precedent for abortion by declaring it a human right<sup>4</sup> (Centre for Reproductive Rights 2016). This historic announcement occurred in the middle of my own research on the abortion law implementation in Guyana where I argue that abortion law is a human right and women should have

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<sup>3</sup>In 1983 Barbados became the first Anglophone Caribbean nation to decriminalise abortions (Government of Barbados 1983).

<sup>4</sup>For more information on the case "K.L. vs. Peru", visit the Centre for Reproductive Rights website <http://www.reproductiverights.org/document/kl-v-peru-final-decision>.

access to abortion services as guaranteed under the law. This position is grounded in feminism and feminist theory, where work from academic scholars and activists from the global north such as Angela Davis, Connie Chan and Alice Walker, and organisations such as the International Planned Parenthood Federation have long discussed abortion within the context of women's rights, sexual and reproductive rights, and human rights. Discourses on abortion as a rights issue have also been addressed by Caribbean feminism and Caribbean sexuality studies scholars and activists, including Jacqui Alexander, Kamala Kempadoo, Michelle Rowley and Tracy Robinson, who transposed feminist scholarship on abortion rights to the Caribbean context. With scholarship from these feminist scholars in mind, I draw on both areas of Caribbean sexuality studies and gender and public policy to underscore the relationship between a woman's right to an abortion and women's reproductive and sexual wellbeing.

I therefore position abortion as a sexual and reproductive rights issue. The language around sexual and reproductive rights includes the right of women to live freely and without coercion, violence or discrimination, to have control over and make decisions concerning their own sexuality, including their own sexual and reproductive health. It also addresses the right to sexual freedom, sexual autonomy, sexual integrity, safety of the sexual body, sexual equity and the right to make free and responsible reproductive choices (Beijing Platform for Action, paragraphs 92, 93 and 96). I utilise an interdisciplinary feminist theoretical framework as I draw on concepts from gender and sexuality studies scholars, namely Jacqui Alexander (2005), Kamala Kempadoo (2006), Michelle Rowley (2011) and legal scholar Tracy Robinson (2000) to conduct the research. These scholars operate within a Caribbean feminist and sexuality studies framework, in which they deconstruct notions of the state, colonisation and sexuality.

Jacqui Alexander's (2005) theorisation of the state as a dominant, violent, heteropatriarchy, whose main concern with women is reproduction, is necessary for me, as I conduct research on how the state criminalises bodies that do not meet the heterosexual, reproductive, "moral" expectations within society, even though the laws establish a different standard (Alexander 2005, 29). This positions my analysis at the state level as I interrogate how the state treats women and sexed bodies who do not meet its reproductive requirements. In addition, Tracy Robinson's (2000) use of the "sexed body" and "erotic autonomy" are examined for this research. She argues that women

are viewed and treated by the state as “sexed bodies” who cannot have erotic autonomy (the control over one’s sexual identity and expression) because of the state’s regulation of female sexual expression (Robinson 2000, 4). These concepts are important frameworks for my research since I examine how Guyana’s abortion law becomes intertwined with the state’s understanding of morality, thus preventing women’s access to their constitutional right. This also raises questions about the interactions between law and gender and the use of gender analytics to address power relations, sexualised power and sex stereotypes within the state. Michelle Rowley follows similar analysis and focuses on the materiality of the body through notions of embodied equity, described as the societal transformations that are necessary to ensure a woman has the ability to function as a rational actor in relation to her body (Rowley 2011). Rowley’s work leads me to examine the disconnection between women’s bodies, sexual autonomy and the state’s fear of non-procreative sex, and how this affects women’s participation within the society as political citizens.

I choose to engage with the term “citizenship” in relation to women’s sexual and reproductive rights. This approach is asserted by Nitza Berkovitch, where she emphasises that “the concept of citizenship implies participation in public institutions and a notion of personhood in the legal and bureaucratic sense” (Berkovitch 1999, 10). Rowley (2011) applies this definition to women’s sexual rights in the Anglophone Caribbean and notes that “Abortion law reform expands women’s access to the terrain of citizenship in ways that allow them to participate in decisions about their own bodies and in the national project as law abiding citizens rather than to be excised as criminals” (2011, 120). I therefore approach the research understanding that abortion reform is more than a woman’s right to choose, it is, ideally, an acknowledgement that women are citizens and can participate in legal and bureaucratic decision making due to their ability to make rational decisions about their reproductive well-being and sexual pleasure.

## Methodology

I engage in a qualitative research that asks the following questions about the abortion law process in Guyana.

- i. What were the political conditions that led to the passing of the abortion law in Guyana?
- ii. Why were services and structures not put in place to ensure the implementation of the abortion law after it was passed in parliament?

This research builds upon existing work by Nunes (2012; 2014) and Delph and Nunes (1995; 1997) as I unpack the relationships between and among the state, religion, cultural norms and women's sexual and reproductive rights in Guyana as I challenge the notion that legislative passage of laws that benefit women guarantees their rights within society.

A feminist research ethic (Ackerly and True 2010) is the basis of this research, which allows me to adopt a multi-dimensional research approach to addressing issues of power, access, limitations and boundaries around the abortion law in Guyana. In relation to power and boundaries, my research addresses the relationships between the state, the law and women who desire to access abortions, and how their rights are limited and pre-determined by state structures in Guyana. I draw on Nixon and King (2013) as I address the need for accountability to ensure that the research is, not only reflective of Caribbean understandings of sexual and reproductive rights, but provides a true representation of the experiences of the population being studied. I therefore consider how this research deals with the rights of women, though I do not conduct primary interviews with women who sought abortions; this can be considered a masking of, or silencing of their voices since conducting a feminist research requires the centring of women's voices (Hemmings 2011). I, however, focus on the state machinery and the organisers who can give insights into the law in Guyana and how it was passed and implemented. Analysis through the lens of the state provides greater insight into the system of implementation since it was and still is the responsibility of this machinery to guarantee women's rights under the law, including the right to safe abortions. My research does not deny the voices of women who seek abortions all together; reference is made to the countless news reports and feature stories captured in Guyanese print media over the last decade around women who have lost their lives to botched abortions conducted both at

the public hospital and at uncertified, “bottom house” clinics. These stories form part of the analysis around implementation, and they demonstrate the difference between the right to an abortion and the right to access safe abortions.

I take a qualitative approach to this study. Research already completed in the field by Fred Nunes (2012) suggests that there is no access to abortion statistics in Guyana. On the few occasions that abortion statistics were retrieved the data was acknowledged to be highly flawed and inaccurate (Nunes 2012). I choose to exclude statistics on abortions and focus more on the actual and real experiences of the people working towards having abortions legal and accessible in Guyana. Data were compiled from both primary and secondary sources. An extensive amount of archival work was done in the Walter Rodney National Archives of Guyana. I gathered all articles from four newspapers (The Guyana Chronicle, Stabroek News, The Catholic Standard and Kaieteur News) on the debates on abortion around the time the bill was being drafted for Parliament.

Important to the data collection process is the use of letters as a source of data collection. Brereton (2013) writes about the importance of using archival sources to account for women’s special historical experiences. She explores how testimonies on the private and often ignored aspects of history provide an alternative understanding of the development of a society and, allows us to critique and remove the invisibilisation of certain historical realities (Brereton 2013, 9). I use this feminist epistemological approach to underscore the importance of examining newspaper sources as a legitimate location of knowledge as I attempt to uncover data on women’s lives and insisting on examining alternative perspectives of Caribbean historiography in relation to the formation and implementation of Guyana’s abortion law. This archival process is important because it explores significant differences in the historical experiences of men and women in Guyana and how they transformed over time. It also shows how these differences help to shape historical change (Brereton 2013). In addition to the archives, the 57<sup>th</sup> Sitting of Parliament Hansard (Republic of Guyana 1995) is crucial to the research since it contains the considerations made by the state at the time of the national debates of the bill’s passage in the National Assembly.

From the early 2000s there was a re-emergence of the abortion conversation in Guyana, especially since quite a number of women had died from botched

abortions in a country where abortions were legal (Nunes 2012). I capture this moment as part of the implementation process after the passing of the law. Media reports on abortion and sexual rights conducted by international and non-governmental organisations and reports by established women's rights activists and columnists are quoted and form part of the analysis on the implementation of the law. Aspects of data that address a national interpretation of sexual rights and its application hindrances throughout Guyana are the focus. It is my intention that this project contributes to already existing research on women's sexual and reproductive rights and highlights the gaps between law reform and implementation that need to be addressed. This research provides meaningful analysis for government and women's organisations and concretises the notion that women's sexual and reproductive rights, particularly the right to an abortion, must be considered part of the civil, political, cultural and social rights guaranteed under the law.

### **What were the political conditions that led to the passing of the abortion law in Guyana?**

[This is] an act to reform the law relating to medical terminations of pregnancies, to enhance the dignity and sanctity of life by reducing the incidence of induced abortion, to enhance the attainment of safe motherhood by eliminating deaths and complications due to unsafe abortion, to prescribe those circumstances in which any woman who voluntarily and in good faith wishes to terminate her pregnancy may lawfully do so and to provide for matters connected therewith. (Republic of Guyana. National Assembly of the Parliament of Guyana 1995)

These words, found at the beginning of the draft abortion bill, were read in Parliament on 4<sup>th</sup> May, 1995 to introduce the second tabling of the bill. They represented the culmination of a series of political debates around the abortion law reform and signalled a political position on women's sexual and reproductive rights in Guyana. The 1861 colonial law on abortion criminalised women who sought abortions, and medical practitioners who performed the procedure. However, talks on abortion law reform started in 1971, four years after the United Kingdom legalised abortions (The United Kingdom 1967) and around the time when the Women's Liberation Movement in the United States of America engaged in an intense abortion rights campaign in which the well-known "Roe vs Wade" case saw the US Supreme Court

ruling that a woman's right to personal privacy meant she had a right to decide whether to have an abortion or not (Davis 1990, 354). Within the region, The Caribbean Community (CARICOM) Health Ministers passed a resolution in 1974 to review legislations on women's maternal health across member states (Rowley 2011, 121). Though global and regional activism influenced Guyana's initial review of the abortion law, legalisation which decriminalised abortion in Barbados in 1983 motivated the Government of Guyana to increase discussions on abortion law legislation. This led to the preparation of a draft bill in 1985 and its subsequent approval by the cabinet in 1989 (Nunes and Delph 1995, 12). However, despite these efforts, the government of Guyana was unable to have the bill tabled in the National Assembly at that time. Nunes explained that the bill was probably shelved either in preparation for the general election that was expected the following year, or in response to religious opposition, or both (Delph and Nunes 1995, 12).

At Guyana's general election in October 1992, the People's National Congress was voted out of office after governing post-independence Guyana for 26 years, and was replaced by the People's Progressive Party (PPP). Work around women's rights was high on the agenda as the new government focused on laws concerning abortion, domestic violence and rape (Teixeira 2016). The then Minister of Health, Gail Teixeira, in an interview, noted that after taking office as the Minister of Health in 1992, she was focused on reducing rates of infant mortality, maternal mortality and child mortality, all of which were very high at the time (Teixeira 2016). These issues were more palatable than abortion and sexual rights. The government embarked on a national study between 1992 and 1993 to uncover reasons for the high rates, and the results showed that many women who were admitted to the hospitals for botched abortions died during surgery (Centre for International Health Information 1996). The researchers also recorded the number and the causes of the deaths of pregnant mothers at public and private hospitals and health care centres. Their key findings listed below, were used by the Minister of Health to promote legislation on abortion:

1. For every 100 births, there were 150-200 abortions
2. Septic Abortions accounted for the third highest number of cases admitted to the public hospital
3. Children between the ages of 10 to 15 accounted for over a third of the septic abortion cases in the public hospital



4. Abortion was being used admittedly by teens as a form of birth control
5. Botched abortions were the leading cause of maternal deaths in the country. (Centre for International Health Information 1996)

Her main focus was to reduce these rates and to ensure women had a legal and safe option to terminate pregnancies. This was not presented as a matter of morality; it was more a question of the state working to reduce maternal mortality and morbidity by decriminalising abortions. In an interview at a press conference in 1993, Minister Teixeira stated:

The list of morbidity associated with unsafe abortions is as ugly in Guyana as everywhere else, and there can be no escape from the fact that the practice of abortions here constitutes a significant health problem. I must address the health consequences of a law which few care to obey, and no one dares to enforce. (Deolall 1993a)

Her words signalled government's position on abortion and it ushered in a two-year, intense public consultation period that saw several interventions from the state through the Minister of Health. To start the process of consultation, the government, in 1993, set up a Ministerial Committee comprised of known political and state agents such as lawyers, magistrates and a sitting judge, as well as a few religious organisations and members of women's organisations including Red Thread and the Women's Progressive Organisation. The purpose of this group was to advise the government on the way forward on the abortion law (Nunes and Delph 1995). The group held "hearings on the abortion bill" through a series of interviews and surveys conducted across Guyana between May and August 1993 (Staff Writer 1993, 3). A written report was submitted by the group to the Minister of Health with recommendations for the decriminalisation of abortion to protect vulnerable women who may need to access certain health services (Government of Guyana 1993). A bill was then drafted and tabled in Parliament on December 3, 1993. The first draft of the bill did not require women to seek consent from her partner for the abortion nor did it require pre- and post-abortion counselling if the woman chose not to have it (Teixeira 2016). It also made it legal to perform an abortion up to 28 weeks, with various regulations at different stages of pregnancy. After initial debate on the floor, the bill was sent to the Parliamentary Select Committee with amendments, and the public was officially invited to comment. (Deolall 1993b).

Members of various women's NGOs including Red Thread, freely formed anti-abortion groups including the Anti-Abortion Education Committee and many religious groups debated in the newspapers during the public consultations period. There were over 100 letters written to the newspapers on the issue of abortion, most of which were written by anti-abortion groups and religious organisations. Anti-abortion Groups such as Living Waters Pro Life Education Ministry (Persaud 1993), Guyanese Against Abortion (Phillips 1993), and The Anti-Abortion Education Committee, religious groups such as Catholics for Life and The Catholic Standard, and several independent writers contributed to the debates around the legalisation of abortions consistently for two years, calling for the government and the Minister of Health to reconsider talks on abortion law implementation because of assumed negative effects the law would have within the society. Many of the concerns were related to the message the law would send to teenagers as well as concerns with the abuse of abortion use as a form of contraception. Many other voices took a religious position and impressed in their letters that the law meant the state was legalising murder. Others against abortion focused on the promiscuity of women and the need for them to take responsibility for their actions. They considered women who sought abortions to be vile beings who were damned to hell along with the policy makers who are promoting the anti-God bill (Johnson 1993). Further, the letters written by men from the anti-abortion campaigns and the religious community engaged with women, not as equal citizens within society, but as second-class bodies, occupying a fertile space for the purpose of family life. When women attempted to exercise agency, they were met with condemnation and were reminded of their dependence on assumed male partners and the state, as the dominant patriarch. A letter authored by the Anti-Abortion Education Committee stated that women need to be taught how to not get pregnant if they are not ready, and they should be grateful when they become fertile because they will have someone to take care of them when they are older (Gordon 1994). Religious leaders also stated that God, not the woman, decides if she gets pregnant, no matter under what circumstances, and it is the state's job to uphold this belief or face God's judgement (Khan 1993).

Teixeira (2016) noted that these debates informed the state's approach to getting the bill passed in parliament, and at times, she would personally reply to many letters in the newspaper, and hold meetings with civil

society groups, with different positions, during the legislative process. The government's process of engagement with the issue should be used as a best practise when considering how the state can have control over inclusive dialogues with civil society, while ensuring women's sexual and reproductive rights are guaranteed and protected, at least through legislation. At the end of the public consultations, necessary adjustments were made to the bill and it returned to parliament for its final reading on May 4, 1995.

This was the first time in Guyana's history that the parliament was carrying out a vote on conscience, so many parliamentarians expressed their positions on abortion freely, despite what side of the house they sat. Table 1 below provides some key quotes from the Parliamentary Hansard which highlighted the diversity of views on the legalisation of abortion in Guyana. These excerpts are important because they provide a glimpse into dialogue which occurred at one of the highest offices in the country, at the time.

<b>Parliamentarian</b>	<b>Quoted Speech</b>
Parliamentarian 1	“I don’t know that a mother who aborts a child is still a mother. I don’t know how you could speak of safe motherhood and abortion in the same breath. Hitler would have been proud of the way things are progressing in the world today.” (36)
Parliamentarian 2	“When a woman who, because of poverty and ignorance, finds herself pregnant, what must she do? And If a woman is sexually abused by her partner finds herself pregnant, what must she do? The state can no longer stand idle while its women folk are put to silent ruin.” (42)
Parliamentarian 3	“Pass this bill and then others will flow. If we continue in this vein, if this action is allowed to go unchecked, Mr. Speaker, certainly we will encourage immorality to walk our streets naked and unashamed.” (49)
Parliamentarian 4	“I feel that we carry Women’s Lib[eration] too far. We must remember that we live in a third World country and I think, rightly or wrongly – and there are others like me – that there is a small group of women who seem intent on implanting western immorality in this country” (57)
Parliamentarian 5	“This Bill will enable them to procure termination without risk of being punished as criminals, without undue

	risk to life and limb, and at a lower cost to the state.” (76)
Parliamentarian 6	“Women who seek termination of their pregnancies are not irreligious; Women who seek in desperation the termination of pregnancies are not disrespectors of the sanctity of life. No woman chooses to go forward and terminate a pregnancy lightly. In this Assembly dominated by men, it will be difficult to find the psychological equivalent of the damage that is done to the psyche and psychology of a woman who has to undergo the termination.” (90)

Table 1: Debates on the Medical Termination of Pregnancy Bill: Views from Parliamentarians

Despite these debates, however, the law was passed by a vote of 32 to 21, with 4 abstaining. The debates, as illustrated in the selected quotes, implied that though a lot of work was put in to the drafting of the bill, there was little focus on the important relationship between reproductive and political rights, and on the benefits of reproductive rights for the development and wellbeing of the nation. Political rights guarantee women’s participation in public life and position them as political subjects, instead of objects of laws. Robinson (2011) notes that even the success of feminists’ engagement with the law and their attempts to have women actively contribute to policy reform processes as “political citizens”, have failed to create a system that allows for participatory citizenship and meaningful gendered engagements with the law. It is there that reproductive and political rights connect, as women’s access to citizenship, including free, active participation in political processes, occur when their sexual and reproductive well-being and autonomy is recognised and guaranteed by the state. Michelle Rowley (2011) affirms this position, expressing that abortion reform is more than women’s right to choose, it is an acknowledgement that women are citizens due to their ability to make rational decisions about their reproductive well-being and sexual pleasure.

The parliamentary debates revealed that the members of parliament failed to take into consideration the different experiences of women who would need abortions and the unequal situations of men and women in society. Parliamentarian 4's excerpt above (the person was both a Member of Parliament and a senior member of the Guyana Medical Association) reveals the idea that women's control over their own bodies was seen as a threat to family life and how representatives of the state and the law in Guyana situate women's sexual and reproductive rights in relation to wider family responsibilities. These sentiments express a sexist notion that the job of women is to be solely responsible for the family and any act that is considered an alternative to reproduction is defiant and intolerable.

It is important to emphasise here, that the state's level of control over women's reproductive decisions was and still is dependent on women's geographical location and their access to finances. Examining Parliamentarian 6's excerpt above, and referencing my interview with Gail Teixeira, the law was created to protect poor, rural and working-class women who could not afford to access abortions at private hospitals. Further, the legislation was supported by the government to ensure abortion services were safe and accessible to these women, especially since abortions were occurring in Guyana without an abortion law. The state's focus on vulnerable women watered down the importance of the law. This approach by the state may have resulted in a victory when the law was passed, but the victory was short lived because of the lack of correlation between abortion and women's rights to have control over their bodies as citizens.

### **Why Were Services and Structures Not Put in Place by The State to Ensure the Implementation of the Abortion Law After It Was Passed in Parliament?**

On May 5, 1995, one day after the abortion law was passed, two women entered the Georgetown Public Hospital requesting abortions. They were both turned away without any guidance or assistance on alternative access (Delph and Nunes 1997). On January 18, 2016, during the research process, I entered the Georgetown Public Hospital querying about abortion services. A nurse pulled me gently into a corner and said that they do not offer that there. I asked if I can purchase the common drug, Cytotec, from the hospital and I was told that she will not recommend any drugs to me, but I can maybe purchase it from a pharmacy. She ended by saying that

if there are any complications with the termination, I should return to the hospital immediately, or if I have money, I can visit a private hospital. The two incidents 20 years apart highlight the obstacles that continued to deny women's access to legal abortions in Guyana.

Many questions can be asked about the state's reluctance to implement the abortion law in a timely manner in Guyana. I believe that at the heart of the issue is the disconnect between abortion rights and women's rights which negatively impacted how the law was regarded by the state. In an interview that I conducted with the former Minister of Health, Ms. Gail Teixeira, she relayed that at the time there was little attention paid to the relationship between abortion and the women's rights movement in Guyana, though all were aware the issues were connected. The main purpose of the law, at the time, was to address women's health issues and to reduce maternal mortality and morbidity (Teixeira 2016). The focus on only maternal mortality and morbidity distanced the abortion law debates from sexual and reproductive rights discourses and failed to present women as subjects who have autonomy over their bodies. Women's sexual and reproductive rights were not discussed and the conversation around women's health did not occur within the human rights framework, which had a direct impact on the formation of the Act and the requirements needed, under law, to have access to this right.

In order to appear progressive, the state subscribed to an "instrumental rationale" (Rowley 2011, 122) for formulating the legislation which held the passage of the legislation as the accomplishment, without ensuring appropriate public education on the law, or a health care system equipped to provide this service to women. It highlights that the state was only concerned with securing its own interests, which was to create and pass an abortion law in order to reduce maternal mortality and morbidity rates. Immediately after the law was passed, the Pro Reform Group organised several television and radio advertisements that informed the public on what the abortion law meant and how women could access safe abortions. However, this campaign only ran for six months because of lack of funds (Radzick 2016). The Pan American Health Organisation held talks with nurses and doctors from public hospitals on the implementation of abortion services after the law was passed, as the government decided at which public hospitals the service would be offered (Delph and Nunes 1997). Over the next few months, there were several requests for a moratorium as issues around the training of doctors and nurses, national education initiatives and the establishment

of proper abortion services were raised by several doctors (Nunes 2014). The Guyana Medical Association raised objections to the law as drafted and asked for a further delay in implementation so they could study the act and make recommendations (Delph and Nunes 1997).

The actions by state agents which resulted in a delay in implementation of the law indicate that, though the state passed a progressive law in favour of women, the state's inherent positioning of women and their role in the family had not change. As Jacqui Alexander explains, the post-colonial state is ideologically built around the nuclear family so that the ideal citizen would be colonised within a heterosexuality and reproductive imperative (Alexander 2005, 22-23). Drawing from her analysis, I assert that these resistances to the law through extended delays prove that the law itself was a threat to the state's heteropatriarchal agenda. Implementing the law would allow women to make rational decisions about their reproductive well-being and sexual pleasure – to choose not to reproduce on behalf of the state.

In questioning the political and ideological implications of the implementation of abortion and the way the law threatened the state's agenda, I argue that although Minister Teixeira and several women's organisations were the forerunners and promoters of the passage of the bill in Guyana, after the bill was passed, little state funding was allocated to adjust bureaucratic organisation in the public health system to ensure its implementation (Ramsroop 2013). As reported by Nunes (2012) and Delph and Nunes (1997) and Ramsroop (2013), the issue of money to equip the public hospitals to perform safe abortion procedures was always a concern for the state. This also highlights grave health concerns in Guyana reported over the years, in which issues of unavailability of health information, limited health facilities in regions outside of the major towns, insufficient human resources, vulnerabilities to natural and man-made diseases and inadequate health services plague Guyanese society (World Health Organisation 2013).

The legalisation on abortion was viewed as another burden that the already unreliable health care system in Guyana was unable to carry, and it was not helpful that many medical practitioners did not see the need to prioritise the law. In several letters to the editor, many medical doctors expressed the view that the abortion law promoted "non-procreation" and "under-population", and that offering the service would be a "misuse of already limited and depleting public funds" (Letter 1995). Alexander emphasises the



benefits of the (hetero)sexual citizen to the patriarchal state and notes that non-procreative bodies are read as illegitimate citizens and “pose a profound threat to the very survival of the nation” (Alexander 1994, 6). Even though the abortion law was passed, the desire to remove this threat is evident in the ways the state postponed implementation. An advisory board was set up to monitor implementation, with a mandate to ensure that records from both private and public hospitals on completed abortions were compiled. This board was also responsible for ensuring that women who required abortion services go through a series of regulations, including pre- and post-counselling, a 48-hour waiting period, and intrusive interviews that led to the completion of a reporting form created to gather reliable baseline data for the analysis of abortion trends in Guyana (Delph and Nunes 1995). These forms required women to provide information regarding their sexual history, pregnancy history, income bracket, contraceptive use and reasons for abortion. This unreasonable and unnecessary process may serve to discourage women from accessing the abortion service by humiliating those who decided to opt out of reproducing for the state.

Non-state actors furthered the idea that women’s bodies were not viewed as their own during the initial attempt to implement the law. An anonymous writer to *Stabroek News* in 1995, addressing the abortion law implementation, stated that the job of women is to take care of the family and any act that provides an alternative to reproduction is defiant and should not be tolerated. Therefore, the state should not focus on the implementation of an Advisory Board since this would constitute a waste of tax payers’ money (Letter 1995). The Advisory Board was never fully operational as a result of a loss of momentum on the issue and political influence that constrained open dialogues and discouraged collaboration between government and civil society (Nunes 2012).

With regards to the data collection process from the reporting forms, Nunes asserted that, “perhaps the most glaring weakness on the part of the Ministry is its abject failure to insist on reporting of the services provided in public hospitals for women receiving treatment for complications of abortion” (Nunes 2012). This issue persists to the present day as a report in the *Kaieteur News* indicated that there were over 1000 abortions documented in 2015, with the Minister of Health of the opinion that there may have been many more since private practitioners provided few if any reports on abortions at their clinics for that year (Staff Writer 2016). The state assumed

that maternal mortality and morbidity would be resolved by the passing a law so it disregarded the other policy requirements of implementation, monitoring and evaluation because these actions would threaten the inherent reproduction requirement for its citizens. Alexander (2005) explains this through her theorisation of the state as a dominant, violent, heteropatriarchy whose main concern with women is reproduction. She posits that the state outlaw's bodies that do not meet the heterosexual, reproductive, "moral" standards as set out in the law and label them illegitimate citizens who threaten the state because of their disruptive power due to difference (Alexander 2005, 29). The actions by the state highlight how women's sexuality is policed in ways that do not acknowledge them as citizens with reproductive and sexual rights, especially the right to make choices regarding their bodies.

Tracy Robinson (2009) affirmed that if women's engagement with the law is restrictive, we should not expect justice as the outcome. Robinson's examination of women's rights guided me through the alarming findings on what the lack of implementation of the law means for poor, rural and working class women of Guyana. It is evident that the government of Guyana did not consider the circumstances of women who would need access to the law, the geographical location of these women or their willingness to trust a system that has historically failed them as citizens. The law was created to protect women's reproductive health but no effort was made by government to implement this right across the country.

After the law was passed, private hospitals in the capital began offering abortion services almost immediately, while the Georgetown Public Hospital only saw patients with botched abortions or complications (Editorial 2013). This instantly made it difficult for poor, rural, working class women in need of an abortion to gain access given that travel to the capital is difficult and expensive. Furthermore, since the public hospital only dealt with the complications of abortions, a woman would have to have undergone a self-induced abortion before gaining access. In 2008, the then Minister of Health Dr. Leslie Ramsammy stated that public hospitals would only assist patients in cases of "botched" abortions because "if the public hospital starts terminating pregnancies, the service may be constantly demanded and they currently do not have the human resource to deal with this" (Editorial 2009). In 2013, the Chief Medical Officer, Shamdeo Persaud was reported as saying that the process to bring the termination of pregnancies to public healthcare

facilities has commenced, but steps are still being taken to make this a reality (Staff Writer 2015). In 2015, he then announced that abortions are free at public hospitals and other public facilities, but there is a procedure to be followed. He added that the pregnant mother would be tested to see if her pregnancy is eligible for termination and, once approval is given, she will be given a date to return and forty hours to discuss the termination with her partner (Staff Writer 2015). However, activist Joy Marcus countered this claim, noting that even though women do not pay for abortion services at the public hospital, they are unable to access one immediately in accordance with the law (Fraser 2015).

The inaccessibility of abortion services, despite the passage of the law and the demand, has negatively impacted women. Many women have lost their lives because of this, as they are denied full access to sexual and reproductive rights as guaranteed under the law. The continued exclusion of poor women from rights by the state highlights the need for distinction between equality and justice. Equality would ensure that the law is passed and women can therefore access abortions, justice would examine the bureaucratic and systemic changes that need to occur to ensure that women, regardless of their class, race, and geographical location have access to abortion services if they are required. Private versus public access to health services such as abortions have continued segregation among middle and poor class women in Guyana, yet the state has claimed that the abortion law benefits all women, while there are systems and structures that make it impossible to access the service if you are poor, rural, working-class and, most importantly, a woman.

The exclusion of women as participatory citizens is in part the evidence of the persistence of sexist, cultural customs within the Anglophone Caribbean where family constructions have been built on the idea that women are secondary citizens and have not meaningfully contributed to national development. Merle Hodge is one of several Caribbean feminists who debunk these claims and places women at the centre of economic development, especially because of their functions in the family and as wage earners. She impresses that “the bulk of the population in the Caribbean was brought here from Africa and India to provide labour”, (Hodge 2002, 474) and that women, in single parent homes which dominated the Caribbean, took responsibility for the financial activities of the home. The abortion law in Guyana can be read as revolutionary given its temporal and regional location and the activism required at the time to have it passed. The fact that the momentum

generated to see the legal reform achieved was not maintained through its implementation, monitoring and evaluation stages, is unfortunately a reflection of the traditional patriarchal ideology associated with women who have no desire to reproduce. These suspicions are grounded in the idea that a body is subjected to the category of “woman” once they are heterosexual and have a duty to the nation state to be fertile and procreate. Fertility as a prerequisite for the classification of “woman” needs to be reconsidered. This requirement, based on colonial and patriarchal value systems, prevents bodies from being deemed legitimate, because they do not reproduce, and as the case is in Guyana, because they desire to access an abortion.

### **Conclusions**

An understanding of the state and its gendered ideology for social control is critical to understanding how state systems exclude women’s access to sexual and reproductive rights. Women who do not fit the ideal of the state are not considered part of national development and therefore their needs are not prioritised. This is so because women who desire abortions in Guyana fit into the state’s illegitimate category since their right to an abortion is considered anti-nationalistic and anti-nation-building; in return, they have been silenced and excluded from rights discourses that have a direct impact on who they are as women with rights to bodily autonomy and integrity.

Building upon Bridget Brereton’s work on Caribbean historiography (2013), this project shows that there is value in using archival sources and oral history to extract information regarding women’s bodies and their rights. Ultimately, my work reveals the importance of asking different (feminist) questions from the same sources to retrieve new insights into the process of the law from formation to implementation. Using this approach, the actions by abortion law champion, Minister Teixeira, to see the law passed were remarkable and the process of inclusive dialogues with non-state actors can be considered useful for other Anglo-Caribbean countries as we seek to guarantee women’s reproductive and sexual rights within the region. However, attention should be paid to the fact that though the process was inclusive, Minister Teixeira did not allow for a referendum to address this women’s rights issue, but ensured that the state, with consultation, did its best to protect women who may seek abortions. Thus, the state’s inability to implement this historic law is incredibly disappointing and it highlights the need for a full commitment by the state and activists to ensure that women

do not have to resort to illegal means to seek an abortion which they are supposed to be able to access safely through public health institutions in Guyana.

It is important to note, that there is a complex relationship between sexual rights, citizenship, law, religion, cultural norms and sexuality within Guyana especially when dealing with women's sexual and reproductive rights, where it becomes difficult to implement laws that promote and support women's sexual autonomy and bodily integrity. Denise Noel-DeBique (2003) points to this through an examination of how CARICOM states address women's sexual and reproductive health and rights. She explains, that though governments should ensure there is safe access to abortions, there continues to be a restrictive legal framework due to cultural and religious factors that influence a nation's ability to create or implement laws around abortion (Noel-DeBique 2003, 160). She concludes that legal environments do not necessarily mean women have access to abortion services, therefore abortion law approaches in the region cannot end at legislation. This position holds true for Guyana's abortion law.

On May 23<sup>rd</sup> 2015, the current Minister of Health committed to making abortion available at all public health facilities in Guyana, and in 2017, it has been reported that the Georgetown Public Hospital has begun offering abortions to women who request the service. While this implies that the government is heading in a good direction, more work is needed to break the taboo against abortion. This involves educating the public on how access to the law, training medical practitioners to handle abortions, and making public the list of doctors that can perform the procedure. The government also needs to ensure that all public hospitals have the capacity to perform abortions on demand, as stipulated in the Medical Termination of Pregnancy Act. It is therefore not enough to make abortions legal; laws about women's sexual and reproductive health and rights need to be effectively implemented by the nation state so that Guyanese women's reproductive equity can be met. This would involve several state actions at the level of the bureaucracy and government, including a re-evaluation of state systems and an inevitable engagement between women, civil society and the state, with the understanding that national development is intrinsically tied to the state's treatment of women's rights.

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**Whose and What World Order?  
Fanon and the Salience of the Caribbean  
Reparations Endeavour**

Don D. Marshall  
*SALISES, The University of the West Indies, Barbados*

**Abstract**

In this article I seek to engage the reparations schematic, particularly its premise and potential for advancing a politics of international human dignity. I begin by reflecting on the material, goal-oriented discussions arising from Caribbean Community (CARICOM) reparatory endeavours before engaging its generative force for thinking of just world orders. I posit the need to embrace the Fanonian antagonism – that is to confront the scarring and subjective insecurity arising from the Black-White relation, and the cluster of dead ends Western reductive frameworks throws up. For Fanon, Western order was founded on colonial relations. At its core was the violent denial of black individuality and liberty. Its lasting effects are experienced and contested by many people of colour across all continents. From their vantage point, it is an unjust world existing just beyond the edge of mainstream International Relations. It is co-constituted by white male supremacist claims and processes of proletarianisation. Its period style remains that of the Caliban-Prospero trope located in forms of political thought that privilege Western/Eurasian geographies as advanced mind, and others as zones of anarchy. This Manichean division of the geopolitical and ecological into zones entailing the evacuation of black and colonial subjects,

animates the hold of Eurocentricity on imaginings of human dignity and just world orders. If the reparations endeavour - both in terms of its material claims and critique - is to come into its own as radical thought, it must distance itself from extant Manichean zoning; and reclaim the sovereignty of the human and of postcolonial self-determination.

**Key Words:** reparations, coloniality, inter-imperial relations, capitalism, eurocentricity.

Against the backdrop of multiple crises at many sites and scales in the global economic, political and social order, this article treats the official Caribbean Community appeal for reparatory justice as springboard for considering anti-colonial thought and broader relations of power and coloniality. The reflexive concern is to do with the kind of world constituted, and what kind of ideas, institutions, practices, and relations are possible. I argue that the reparations argumentum re-enlivened through Caribbean social spaces holds the potential for serving higher levels of reflexivity and developing global transformative agency. I suggest this will require an intertwining of new forms of consciousness and agency that are decidedly anti-colonial, connecting the protection of society and ecology with critical-reflexive global ethics and politics around what it means to be human and an engaged citizen. Following Fanon (2004 and 2008),<sup>1</sup> my central argument in support of the claim for reparations is that it opens possibilities for redressing the colonial violence inscribed on the physical and the geo-slave-colonial body; it calls attention to the affect of coloniality; and by extension affords critique of the current world order. When tacked onto Karl Polyani's (2001; originally 1957) appeal for social protection rooted in individual and collectivist human well-being, a revolutionary pivot is possible.<sup>2</sup> It lies in building solidarity around the urgent need to rupture Eurocentricity.<sup>3</sup>

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<sup>1</sup>These were originally published in 1967 and 1952 respectively

<sup>2</sup>I draw from Polyani's idea of double movement in the unfolding of world history, where market expansion is checked by counter movements in favour of social protection. It inspires the view that globalisation is a human construct and therefore can be deconstructed by social forces in favour of privileging human well-being over improved labour productivity performance in the market. The original manuscript was published in 1944 followed by the first paperback edition in 1957.

<sup>3</sup>By Eurocentricity I refer to multiple layers of imperial and colonial practices, how these came to produce the Other, and how these continuing practices and foundational ideas influence world orders and global governance. Eurocentricity is invoked as a major dissent line as it stands in the way of self-determination, decolonisation as well as social justice. It also ensures an anti-Black and anti-Other expression of freedom.

## Situating the Global

The lived antagonisms in all social relations arising from native genocide, slavery, slave trade, and colonisation continue to require urgent address. The complexities involved in settling social and power relations arising there from extend to the contemporary moment. This is occurring against a backdrop of the old nation-centric international system giving way to an emergent transnational system of global production and finance. Multiple forces are at play generating a fluidity of politics and ruptures to the existing world system. To be precise, ongoing battles waged across the world in overcoming the contradictions of the liberal world economy remain complex. Converging pressures of uneven development, sovereign and private indebtedness and human insecurity are intersecting with the lateral relations among imperial core states, throwing up legitimacy challenges that further direct that web of power relations. The net result has been a world marked by more diverse power centres and resistance registers. The recurring question is whether an Anglo-American global capitalism can continue to hold sway given the urban fossil fuel crisis, dangerous asset bubbles, and well publicised empirical data demonstrating that the gains of growth over the last 30 years were captured by the top decile of 1 per cent.<sup>4</sup>

In broad terms, the path to this late modern era bears upon Karl Polyani's (2001) analytical frame. His thesis introduces the idea of double movement in the unfolding of world history where market expansion is checked by counter-movements in favour of social protection. These respectively lead phases in globalisation where the power of finance and profit (read the market) beckon quests for advancing the cause of individual and collectivist

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<sup>4</sup>The implicit ethical stance holds that the rich deserves their wealth and it is their productivity that drives the whole economic system. Thomas Piketty's (2014) analysis and data afforded a space to challenge this stance. The connotations that marked discussions about the entrepreneur, risk, and justifiable increases in returns of investment as reward, began to unravel with the global financial and economic downturn of 2008/9. The cult of the entrepreneur produced the confusion between wealth creation and wealth capture as it became apparent that many of the rich live(d) off the returns from financial assets and financial trading. Ten years on, portfolio finance remains a lucrative source of wealth accumulation with entire economies and related sectors such as construction remain structured around such specific relations. This remains a source of systemic instability in the world economy. For more on the data on income polarities and inequalities of our age.

human well-being. Of course the deconstruction of globalisation occurs across time and space.

As he alluded, there was a period of dis-embeddeness in 19<sup>th</sup> and early 20<sup>th</sup> century Western Europe dominated by financial capital, mainly banks and a reigning faith in free market fundamentalism. The view held was that laissez faire market organisation was the surest way of liberating individuals as entrepreneurs and consumers. This free market system required a dismantling of all institutions of solidarity and reciprocity until the inequalities and insecurities multiplied to the extent that it threatened social cohesion in the 1930s and 1940s. A new period of re-embeddeness occurred that saw new systems of regulation, protection and redistribution that in essence defined the welfare state and construction of national market society. This broke down in the 1970s leading to the emergence of a global market system marked by newer forms of dis-embeddeness corresponding to a neoliberal ideal. The privatisation of the economic system would extend to the privatisation of social policy. As per Polyani's explanatory model, overtime the neoliberal ideal evolved from appeals for state withdrawal towards a reconstitution of the state's role in economic governance. Here the State is expected to pursue fiscal consolidation policies and re-regulation measures to ensure stable market order. The argument is that it should stimulate finance sector-led growth. Programmes in favour of poverty-alleviation are also to be pursued in order to cushion the shock of cuts in social expenditure. Polyani would nevertheless observe yet another dismantling of institutions and mechanisms of solidarity evidenced in the re-regulation of labour markets, anti-collective in character and in favour of capital's interests.

Even as it cannot substitute for thick description of the challenges of financialisation and international financial instability following the global financial meltdown of 2008/9, Polyani's historicism bespeaks a useful narrative of historical retrogression and cyclical *déjà vu*. Certainly his perspective highlights the *indifference* of neoliberal market economics. The effects of colonial oppression however proffer the need for epistemological diversity as well as offers resources to augment reparations claims, of more, later. Indeed, it seems fruitful to connect Polyani's stress on the technocratic and economic logic of development with Fanon's (2004 and 2008) psychopathology of colonialism itself. His constant shifting of psychological and political registers, affords a framing of development away from a 'problem of mind' focussing attention instead on colonial violence

and neoliberal culpability. As Hook (2012) would later emphasise, this calls for a reframing of individual symptoms of distress as symptoms of colonialism and colonality.<sup>5</sup>

### **CARICOM, Reparations and Reaction**

As state managers seek to balance and resolve social disruptions and pressures arising from economic dislocations and change linked to the global downturn, elites across Caribbean governments burdened with the task of maintaining legitimacy and stability have latched onto the reparations appeal and argumentum. For some this is as much to shore up their populist credentials as it is to open possibilities for leveraging much needed resources for infrastructural renewal and development from Britain at least, if not other countries of Western Europe. For political elites who were/are also involved in anti-colonial movements or genuinely share in the consciousness, much is vested in a reparations argument if the campaign for special and differential treatment is to be put for formerly colonial, small island states. While space constraints do not allow exploration of the current populism in vogue, it is important to note that CARICOM Governments, following the recommendations of its CARICOM Reparations Commission, determined that reparations will take the form of a macro-structural demand of the British government to dispense compensation, commencing with an apology for crimes against humanity.

There has not been any voter engagement on the modalities and forms reparations should take but consultations with civil society organisations, and public lectures on these issues has occurred. The assumption is that a legal rights-based approach akin to class action is the best way of procuring remedial justice. CARICOM elites presume that the trust between Heads of Government and their citizens is secure and in that case the governments can enter reparatory political and economic contracts with Britain (and possibly France, Spain, Portugal, the Netherlands and Sweden) on their behalf.

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<sup>5</sup>Hook refers to studies and practices that focus on the psychology of colonised people (under apartheid) as psychocentric as these pursue curative measures based on tackling the individual's distress.

In fact, there is and has been an organic connection between CARICOM and localised and regionalised forms of resistance to racism and imperial acts of coloniality. Caribbean and CARICOM international diplomacy for the cause of liberatory justice bear this out. Its establishment of diplomatic relations with Cuba in 1972; its condemnation of apartheid in South Africa and the latter's occupation of Namibia; its vocal opposition to France and USA over the forced removal of Jean Bertrand-Aristide; and its formal denouncement of the Dominican Republic's 2013 constitutional court ruling stripping citizenship from anyone born in the country to parents who were made illegal by the State constitute examples of a solidarity posture that avers the right to self-determination and human dignity. From the vantage point of pan-African and Global Africa organisations such as the USA based *Movement for Black Lives*, many intellectuals across the Black diaspora and government representatives supportive of the several World Conference(s) Against Racism (WCAR) and supporters for reparations at the state level across Latin America and the Caribbean – Barbados, Brazil, Cuba and Venezuela, CARICOM's formal advance for reparations constitutes a charter of compensatory rights and claims of Anglophone Caribbean persons against the British state.

Professor Sir Hilary Beckles, Chair of the 2013 established CARICOM Reparations Commission (CRC) is himself a prolific scholar and the key ideologue negotiating, extolling and fashioning new networks for CARICOM's cause. As author of two influential books that secures the case of Britain's culpability in the enduring legacy and psychic life of settler colonialism, genocide and slavery in the Caribbean --*Britain's Black Debt: Reparations for Slavery and Native Genocide* (2013) and --*The First Black Society: Britain's "Barbarity Time" in Barbados: 1636 - 1876* (2016) it is difficult to address the subject of CARICOM reparations without acknowledging the work he has produced on the subject as well as those emanating from literate subcultures of art, culture and politics across the region. The work emanating from George Lamming, Sylvia Winter, Kamau Brathwaite, Jacqui Alexander, Peter Tosh, CLR James, Shake Keane, Olive Senior and others alongside subterranean grammars that capture anti-colonial expressions in art, speech, song, style and sketches of memory of the 'body' and 'order' all supply philosophical openings, images and metaphors for reimagining a humane and just world order. The CARICOM's 10 Point Reparation Plan would unconsciously capture a Charter befitting socio-

technical imaginaries of our time. The CRC website lists the 10 points as corresponding to:<sup>6</sup>

- 1) Full Formal Apology
- 2) Repatriation
- 3) Indigenous Peoples Development Program
- 4) Cultural Industries
- 5) Public Health Crisis
- 6) Illiteracy Eradication
- 7) African Knowledge Programme
- 8) Psychological Rehabilitation
- 9) Technology Transfer
- 10) Debt Cancellation

At the 25th Inter-Sessional Meeting of the Conference of Heads of Government of the Caribbean Community held on 10 March 2014 in St. Vincent and the Grenadines, the Commission's 10 point plan was adopted. Heads agreed that efforts will be made to elicit a public apology for the African Slave Trade and the attempts at the elimination of the indigenous peoples of the Americas and to commence negotiations for reparatory justice. Should the European powers fail to publicly apologise and refuse to enter into negotiations, CARICOM nations will file a lawsuit against the European powers at the International Court of Justice in The Hague.

In precise terms, the appeal is for reparatory justice for the horrific consequences of 400 years of the African Slave Trade, systematic attempts at the genocide of the indigenous peoples of the Americas and historical justice for the descendants of African enslaved and indigenous peoples. On April 19 2014, Sir Hilary re-presented the reparations case to an esteemed audience of civil rights activists at the Chicago State University, an event organised and webcasted by the Institute of the Black World 21<sup>st</sup> Century. Again the reach of the 10 point plan was explained, highlighting demands for assistance in boosting the region's technological capacity; strengthening public health institutions, museums, research centres and cultural institutions; and legal and diplomatic assistance from European governments in resettlement plans for members of the Rastafari religion.

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<sup>6</sup>See the CARICOM Reparations Commission website: [caricomreparations.org](http://caricomreparations.org).



The legal case to be answered may have some precedent as with the Jewish settlement following World War II; and Japan's official acceptance of its obligation to provide monetary compensation to victims of war crimes committed during World War II. Westley (2005) however argues that slavery and the materiality of anti-black racism manifested in the denial of humanity in terms of individuality and liberty cannot be addressed through formal legal redress. For him, the case coming some 180 years after the end of slavery and 40 to 50 odd years of island Independence, runs up hard against white privilege and black devaluation as well as norms that lie at the border between tort and unjust enrichment. To wit Westley, the counterfactual necessary for recognition of Black restitutionary rights runs counter to the norms of accountability and temporality within law. As he remarks,

the idea of reparations for slavery encounters the difficulty of the cultural logic of Black devaluation and white privilege throughout successive stagings of enslavement, racialisation, emancipation, abolition, segregation, desegregation, and formal equality...[82]

### **Critique of Reparations / Reparations as Critique**

The determination to pursue reparatory justice through international legal and arbitration channels persists and can be considered part of wider efforts geared towards undoing white privilege. As Fanon (2004,12) puts it:

European achievements, European techniques, and the European style ought no longer to tempt us...When I search for Man in the technique and the style of Europe, I see only a succession of negations of man, and an avalanche of murders.

Certainly the potential remains for it to be utilised to question Western universals, and patriarchal foundations of knowledges that present women in epistemologically devalued binary terms. But questions abound around choice of praxis and priorities. Hilbourne Watson and Trevor Campbell for example, in their article 'Reparations Campaign Distracts from Challenges facing Caribbean: A Response', which appeared in the August 11 2014 edition of *Stabroek News* argue that advocates failed to integrate the reparations argument with an analysis of historical capitalism, or at least *their* reading of such. As they see it, the exploitation of surplus labour remains the *sui generis*

of capitalism; that European working classes also historically experienced exploitation and alienation. As they put it:

The historians and others at the forefront of the reparations discourse in the Caribbean completely overlook the fact that the entire history of all class societies dating back to the distant past is the history of exploitation which has been bound up with the appropriation of the surplus labour by the class that owned the means of production... This fact tells us that the producers of the wealth in those societies – slaves from antiquity, serfs, peasants and workers – could justifiably make a claim for reparations, equally with the descendants of enslaved Africans. (Watson and Campbell, 2014)

Here there is the *a priori* privileging of the economic exploitation of labour. Such an approach obscures broader relations of power and coloniality within the global political economy. Anti-colonial struggle makes for a far more nuanced set of antagonisms affecting “the producers of the wealth” across time-space. The salience of the appeals for reparatory justice rests with the quest for rehabilitation of those societies scarred by the dehumanising colonial enterprise. Watson and Campbell’s approach corresponds to the Marxist model that stresses structural constraints, class formations and radical democratic values in its liberatory schematic. However, theirs as part of a wider Marxist approach insufficiently appreciates how varieties of social hierarchy beyond class affect the architecture of the body-politic, leading to injustice, dis-order and insurgency. From a Marxian dialectical standpoint, lived antagonisms are, in the end, bound up in class relations even as race and gender intersect. When Nandy (1983) suggests that coloniality survives formal colonialism and resistance to such remains an ongoing dynamic within postcolonial societies, we are introduced to specificities that extend beyond mere proletarianisation processes. Coloniality beyond colonialism refers to the continuity of long-standing patterns of power and circulating colonial tropes and discourses that define culture, labour, intersubjective relations and knowledge production. Coloniality therefore beckons resistance to what Loomba (2009) coined the ‘psychic life of colonial power’ inclusive of the assumption of universal applicability of Western constructs. Fanon utilises psycho analysis and political economy to re-consider the colonial relation and black-white relations. We learn that the profound fictions that continue to characterise anti-black racism and white male supremacy extend back to imperial ‘discovery’ with lasting effects on

the modern inter/national order, national self-determination and freedom pursuits on the part of postcolonial subjects. The dialectic must be opened to another life besides imagining class struggle as key to revolutionary change and de-imperialisation.

There is another aspect to Watson and Campbell's appeal for a reflection on historical capitalism as we consider reparations claims. It turns on conventional historiography and theoretical accounts of the cumulation of capitalist accumulation featuring the exploitation of human labour. Some scholars referring to the 'necessary laws of history' draw on Hegel's dialectic and Marx and Engels' historical materialist approach to map a theory of history and human existence that is coterminous with capitalist development. Suffice that we commence with the long 16<sup>th</sup> century, tracking the various ways legal codes that were enacted to strip the enslaved Africans of all protection of the law. An argument can be made that chattel slavery was neither an inevitable nor natural capitalist outcome for solving the demand for labour. To be sure, Africans who were brought to the slave colonies throughout the 16<sup>th</sup> century had uncertain legal status; indeed, some were indentured servants and some could own slaves themselves. It was only in the 17<sup>th</sup> century that the legal status will be settled. The Barbados Slave Code of 1661 was the first code establishing the English legal base for chattel slavery in the Caribbean, its subsequent adoption and modification in South Carolina in 1696 laid out the guidelines for British North America (Beckles 2016). So that while for European powers mass labour was required for the sugar, tobacco and cotton plantations, slave labour was rationalised as the common sense solution both in terms of white supremacist arguments and profit maximisation imperatives. The invention of chattel slavery in these circumstances was therefore, neither historically inevitable nor foreseen in the early rivalry stakes among European powers.

For Fanon in "*The Wretched of the Earth*", the invention of chattel slavery through social contracts and subsequent colonisation processes drew its legitimating investment from a power matrix of political repertoires attached to notions of civility, borders, domesticity, authority, nature and order. To fold chattel slavery into overgeneralised accounts of proletarianisation processes is to miss the political predicates of the reparations argument. Firstly, a post-plantation settlement that takes into account attempts at native genocide, the crimes of the slave trade, and the violence that came with the black-white relation ruptures 'civilisational dialogues' about the rise of

Europe and the social formations that belatedly join ‘the modern capitalist world’. Secondly it exposes the continual effects of coloniality. Indeed, the violence that had been the foundation of black non-being carries over to the era of post-colonial national sovereignty and into what constitutes the modern global order.

The publication and subsequent withdrawal of Bruce Gilley’s (2017) essay ‘The Case for Colonialism’ is of relevance here. Relying on statistical economic data and deductive logic, he argued that Western colonial expansion particularly into Africa, produced a net positive result when compared to the material outcomes of 20th century liberation struggles. While the author fetched public backlash for erasing the genocide of colonialism in favour of a white supremacist remedy for former colonies, its initial acceptance and appearance in the *Third World Quarterly* affirmed the hold of Eurocentricity. Medieval studies abound replete with romantic stories of a pre-democratic Europe marked by chivalry, identity and honour, engaging in heroic wars against invaders. Evolutionary psychology as a subject field that bespeaks of hierarchical social divisions among ethnic groups, brain size, natural intelligence and whether Intelligence Quotient (IQ) is heritable continues to flourish. Materialist world history privileges the history of empires and countries rather than explorations in connected history. If we draw from the approach of world system scholars keen to track systemic interconnections over millennia much of the romanticism girding Eurocentric studies will unravel. Rather than Europe bequeathing ‘modernity’ as a period, long-accruing processes of modernisation predating the 16<sup>th</sup> century will fetch investigation of the kind Abu-Lughod (1989), Frank and Gills (1994), Subrahmanyam (2005) and Sandberg (2006) pursue.

Reparations read against a richer materialist history that registers anti-imperial struggles as well as black and native redemptive quests as pivotal allows for intricate dialectics. This can assist in understanding international relations and world political economy. To scotch Eurocentrism we can ask how capitalism came to be transhemispherically co-constituted. *Longue duree* dialectics will highlight the salience of systemic and systematic interactions and alliances in inter-imperial relations and contests. It shall capture technologies that homogenised inter-imperial systems yet also destabilise inter-imperial equilibrium. We will learn of shifting solidarities and antagonisms, stratified social relations and segregations and how a range of actors – elite religious dissenters, labourers, anti-colonial rebels, minor

princes and the like – managed to make a virtue out of their vexed inter-imperial positions. This will pave the way for a reworked understanding of co-forming Caribbean state, entrepot and merchant-state relations. The slavery and colonial processes of interpellation, state-building and contestations – including its affect on the formation of, and within the inter-imperial field will round out the picture. The intertwined affect of the black - white relation and coloniality will be manifest in its imprint on the world order.

### **Conclusion: Rethinking World Order**

To question the validity of the reparatory justice claims in the way Watson and Campbell (2014) do misses the specificity of European colonialism and coloniality, indeed the centrality and operation of race therein. This extends to radical perspectives emphasising the salience of class as the central focus of analysis on social change. It also has bearing on the dominant geopolitical imagination and angle of vision influencing thought and understanding of world politics. Fanon's rejection of the demand to subvert race under the objective universality of class is best gleaned in his (2008, 2) work *Black Skin/White Mask*. He states:

There is a zone of non-being, an extraordinarily sterile and arid region, and an utterly naked declivity where an authentic upheaval can be born. In most cases, the black man lacks the advantage of being able to accomplish this descent into a real hell. Man is not merely a possibility of recapture or of negation. The black is a black man; that is, the result of a series of aberrations of affect, he is rooted at the core of a universe from which he must be extricated. (Ibid)

Fanon would equate the assertion of power over the black and colonised body with a generalised will to control the world. It is the Western and European foundational fantasy of ontological difference that will animate enslavement and colonisation, and the co-production of binaries around anarchy/order, and sovereignty/anachronistic space. By the latter half of the 19<sup>th</sup> century, race and gender degeneration came to serve a specifically modern form of inter-imperial governance – the domestication of colonies and the racialising of the metropolis. In the metropolis, otherised categories of persons – the Irish, Jews, feminists, militants on behalf of ordinary workers, criminals and the insane – were collectively figured as racial deviants, or ‘degenerates’

surviving ominously in the heart of the modern, imperial metropolis. In the colonies, negative analogies to race and degeneracy attended to commercial development and reproductive relations. As Mimi Sheller (2003) noted, the Caribbean as the West Indies functions as lair threatening the fiscal and libidinal economy of the imperial state with its deviant money, deviant sexuality and deviant race.

These tropes and metaphors circulate in approaches seeking to explain financialisation, globalisation and development. They draw from Eurocentric dominant geopolitical imaginings, part of this drawing its ontological substance from what Fanon would highlight as an unwitting Manichean zoning of the world. Manichaeism refers to an ancient religious cosmology that thrived between the 3<sup>rd</sup> and 7<sup>th</sup> centuries across a wide geographical expanse from China to Rome. Its dualistic cosmology spoke of a struggle between good and evil, the former comprising spiritual light and the latter, a material world of darkness. As Fanon held, a Manichean world is imagined in the dominant epistemologies of political theory and international relations: a world presumed to comprise zones of anarchy and zones of order. This world features a Eurocentric mapping of colonial, racialised and exoticised bodies into zones of anarchy and the technical, rational and enlightened into zones of order. A Fanonian reading of the world from this vantage point allows for reflexive thinking about bodies and what it means to be human, the body-politic and human well-being and what sovereignty must mean for postcolonial states. Navigating coloniality remains an uphill task for political elites pursuant of strategies of accumulation that draw on heritage but where the power to write and re-write the rules of the international political economy lies elsewhere.

Take the issue of financialisation as it extends to the question of ensuring international financial stability. There is the privileging and de-privileging of geographies where London, Paris, Tokyo and New York as participants in the global geography of financial services provision escape being included in blacklists naming and shaming international financial centres for engaging in tax evasion where Bermuda, Bahamas, Cayman Islands and Barbados have been routinely resisting these negative predicates. Terms like 'tax havens' and 'secrecy shelters' have been employed to describe Caribbean international financial centres even as London exercises imperial privilege in the many ways it privatises and anonymises money (Marshall 2009). Since 2009 tax transparency and compliance reviews of over 100 international

financial centres (read offshore) annually show these to be well regulated, outperforming larger (core) states. In some cases there has been a flight to quality jurisdictions in the Caribbean and the Pacific but the negative spiel of mainstream Western epistemic centres, ever newer regulations emanating from Organisation of Economic Cooperation and Development agencies and core governments, and increased compliance time and costs borne by the host IFC governments continue to make for high degrees of uncertainty.<sup>7</sup> The sense that the Caribbean and the Pacific enables capital formation and play a key role in the global financial ecosystem is lost. The historical role these spaces played in warehousing trade, and as circuits of merchant capital co-producing capital infrastructures across the inter-imperial field remains evacuated from history and contemporary accounts of the growth of global finance (Marshall 2009). The argument for inclusion of the Caribbean and Pacific in the OECD Financial Action Task Force, in the shaping of the rules and methodologies ensuring effective regulation; the appeal to international law with respect to the fiscal sovereignty rights of independent states; the failure to acknowledge or engage knowledge claims pointing to these spaces as co-progenitors of international commerce and capital accumulation - all constitute perpetuation of the violence Fanon relates back to the foundation of black non-existence.

This banishment from ontology exposes the disorder of what remains a Eurocentric world and reparatory justice is a necessary struggle for *The Wretched of the Earth*.

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<sup>7</sup>See the various issues of International Financial Centre (IFC) Report.

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## **A STATE OF DISARRAY: PUBLIC POLICY IN THE CARIBBEAN\***

Clive.Y.Thomas

### **Introduction**

The title of my talk is highly suggestive – what do I mean when I describe public policy in the Caribbean as being in: “a state of disarray”? If we did only a rapid scan of the region’s public sector the answer would be provided. We would find that:

- It comprises a collection of small and mini-states, *buffeted, besieged, beleaguered and almost overwhelmed* by a host of economic and social problems in the communities they serve and within the international environment in which they operate.
- *There is a pervasive atmosphere of confusion and uncertainty over the priorities and objectives* pursued by these states, which adversely affects their performance. Further, governments are widely perceived as “benefactors” i.e., agencies which “do things for people and communities”, rather than as enabling institutions which encourage and make it possible for peoples and communities to do things for themselves.
- *High levels of over-bureaucratisation and over-centralisation* plague the state sector of most countries. In 1990 Caricad noted that there were 144 Cabinet Ministers, 306 parliamentarians, 84 political parties, and over 123,000 public service workers outside of the parastatals, state owned corporations and the disciplined services in the region.

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In a recent 1995 Report the World Bank noted that centralisation had reached such proportions in Trinidad and Tobago that in 1993 as many as 3,717 matters were reported to Cabinet for decision, an amount which is 100 times more than in the U.K. (36 matters). The regional disparity is also wide as this total was nine times as much as in Jamaica (419 matters) (World Bank 1995:37).

- There is evidence of *overlapping functions and authorities* in many areas of public administration, along with poor coordination between various arms of government, between various layers of government, and between governments and a motley collection of semi-autonomous agencies and state owned enterprises.
- There are also widespread and striking evidences of the poor use of all *types of public resources*: human, material and financial.
- As presently constituted several of the region's public bureaucracies are *unrepresentative* of the social, cultural, and in some cases ethnic mix of the societies they serve.
- And on top of all this, there are many instances *where public servants are receiving inadequate remuneration while having to contend with poor conditions of service*.

Taken together these circumstances add up to inadequate participation, limited transparency and accountability, a lack of effective governance in the region, and inadequately defined relations between the citizen and the state. These strong criticisms however, are not made by academics alone. In Trinidad and Tobago, a private sector assessment of public management in that country pointed out that:

- The bureaucracy was far too preoccupied with control and prevention to the exclusion of encouragement, facilitation and assistance;
- The continued presence of outdated and antiquated legislation, regulations and systems – all of which defeated the purpose of public administration;
- The deadweight created by a top heavy over-bureaucratised society;
- The existence of widespread duplication;
- The unnecessary and costly fragmentation of many public sector functions;
- The inefficient use of resources, and
- The undermining of several Ministries and state agencies caused by the issuance of what it termed “*too many*” Cabinet directives.

Taking this scenario into account it would be fair to say that not only is there a state of disarray but the importance of public policy to the future well-being and economic livelihoods of Caribbean peoples cannot be overestimated. It was therefore of some concern to me, that while reflecting on these issues in the preparation of this Inaugural Lecture, I was struck by the extent to which traditionally, regional economists have treated the subject of public policy, rather narrowly. Generally, they have tended to avoid the systematic study of the capacity and effectiveness of public institutions to determine the objectives of society, or the putting in place of sustainable models of execution of public policies to meet these objectives. Instead they have focused on:

- the design, subsequent evaluation, and only occasionally, the monitoring of various public policies.
- the application of public policy in certain sectors: e.g., transportation, industry, agriculture, tourism and human resource, or,
- the treatment of short-term policies of government (macroeconomic management) and the longer-term policy issues (development planning) as separate and distinct areas of specialisation.

In this regard regional economists have imitated mainstream economics where for much of the 1970s and early 1980s, public administration was treated as a minor issue in the social sciences and of little interest to economics. This is true despite the many controversies which raged then over concerns like nationalisation, planning, and state-led economic development; the reason being that these disputes centered on the *size of the state and not its modus operandi*. In very recent times though, concern over the role of the state in economic development has renewed itself among regional economists, but in the meantime as we shall see later, neo-liberal economics has pioneered far reaching changes in the analysis and policy prescription for the forms of public management in the region.

This lecture therefore, should be interpreted as a small effort to redress this imbalance in the regional debates. It is divided into two parts. The first part deals with the diagnosis and assessment of the present situation in the region, while the second offers some policy guidelines to take us into the next millennium.

## Diagnosis

In order to make the best use of the time available *two* preliminary observations are warranted at the outset. First, the diagnosis which is offered of the present situation will focus on the *systemic* factors at work in the region. This means therefore, that episodic, individual and voluntaristic features will be generally ignored. This should not be interpreted to mean, however, a denial or rejection of the relevance of these features in framing the present day characteristics of public policy in the region. *Secondly*, as presented here, *these systemic factors are being driven by three distinct sets of circumstances: historical, conjunctural* (i.e., present day on-going realities) and *scientific-technological*. Clearly these are neither the only circumstances, nor are they in fact hard and fast water-tight categories – cast in stone as it were. In the presentation they are treated as an analytic convenience, since in the real world all three categories clearly co-exist simultaneously. The rationale is that without such an analytic device it would be impossible to comprehend and deal with all the real world complexities of the Region. These three sets of systemic features are summarised below.

### *Systemic: Historical*

In relation to the historical factors, it is important to note that as it evolved in the Region the original colonial conception of public policy principally confined governments to:

- a) pursuing a limited number of functions, mainly law and order and the provision of basic infrastructure and basic services.
- b) utilising a limited range of skilled personnel in the exercise of these functions.
- c) maintaining a clear distinction between politics and administration.
- d) emphasising “routine,” i.e., standardisation, stability, continuity and even-handedness in public management.
- e) adopting hierarchical and heavily centralised administrations as typified in the Colonial Secretariat.
- f) promoting a paternalistic outlook i.e., governing from “above” and distributing benefits to the community as it determined. As such government was less concerned with promoting self-help and community directed development of community activities, and more with the outside leadership and direction of communities.

- g) being mainly reactive and not pro-active to communities' needs and wants, and when they were, tending to emphasise control, regulation and prevention, and
- h) adopting a stance towards the citizenry which was "neutral" i.e., developing at worst an instrumentalist bureaucracy.

Over time, in pursuit of these public goals the regional bureaucracies became "institutionalised," a process which in turn generated its own internal dynamics and increasingly led to the public sector becoming bogged down in a plethora of rules and regulations, which guided and governed its activities.

Immediately following on Independence, there was added to this process a tremendous expansion of the state and its functions. While caused by several factors, it is of note that this expansion was in keeping with the ideological thrust of the times: anti-imperialism, a new international economic order, Third Worldism, state control of the "commanding heights" of the economy, "democratic socialism" as adopted in Jamaica, "cooperative socialism" in Guyana, and "the non-capitalist path" of development in Grenada. This expansion created numerous difficulties, *three* of which are of immediate relevance:

- One was the further consolidation and institutionalisation of the public bureaucracies inherited at Independence, without any real change in the form or content, as outlined earlier.
- Second, in several countries their electorates gave broad mandates for "radical" public policies. In the transition from the colonial rule to independence this produced conflicts between the new political directorates and the established administrators. This was dramatised in a number of well publicised incidents like the public outbursts of Prime Minister, Eric Williams, against public officials in Trinidad and Tobago and the thinly disguised displeasure the Manley administration frequently exhibited towards the top administrators of the public service which it had inherited after his government had won the Jamaica elections in 1972 on a platform of "democratic socialism". Several of these conflicts centered on the *presumption of neutrality of public servants, which the colonial governments had cultivated as part of its public policy*. Quarrels erupted over:

- Allegations by Governments of a lack of enthusiasm and even obstructive behaviour by unrepresentative bureaucracies in executing their functions and instructions, and counter-allegations by public officers of political interference in the recruitment, appointment, transfers and training of individuals.
  - Allegations by the political directorates about the political loyalties of the bureaucracy and counter-allegations of political interference in the bureaucracy raised by the administrators.
  - Disputes also arose over the lines of authority in policy formulation and public accountability within the public bureaucracy, while among the population in several countries there was generalised concern over the ethnic, gender, district and even class “balance” of the civil service, particularly in the new age of democracy and representative government.
- Paralleling these developments a *third* pathology also developed, that is, a crisis of *implementation capacity* with the widespread questioning of the capacity of the public sector to implement programmes. This was brought into sharp focus by the rapid extension of responsibilities which Caribbean states had assumed after Independence. This questioning of the state’s implementation capacity has undermined the “credibility” of *both* the public administrators and the political directorates, giving momentum to the present concerns about how the Region’s public services should be organised, structured and staffed.

### *Systemic: Conjunctural*

*In relation to the conjunctural factors two sets of systemic forces are at work in the development of regional public policy.* One is related to the phenomenon of globalisation and the other arises from the fact that many regional countries now find themselves in a structural adjustment mode (SAP).

The phenomenon of *globalisation* does not require detailing here. Suffice it to say, it is a process rapidly transforming all dimensions of social life, everywhere: from the main sectors of production of goods and services, to religion, culture and the very conception of the nation state and national

sovereignty. No country can isolate itself from this process, but clearly small countries like ours are being carried by this changing tide in the world's affairs, with little possibility of our influencing its eventual direction or outcome. The relationship is asymmetrical and in these circumstances the old dichotomy of external/internal factors at work in the Region takes on renewed significance. *What is of special importance is that we should not deceive ourselves into seeing the present external environment as uniformly benign: that is an enabling context for our societies to develop. There is abounding evidence that it also contains serious impediments and constraints to the Region's development.*

As it has unfolded, the process of globalisation has led to a clear hegemony for the USA in the global system; to the extent that all the key international, regional and even national economic institutions in the world-system function on this basis. This holds true for United Nations agencies, the international financial institutions, (IMF and World Bank), global trade organisations (GATT and WTO), the major TNCs and regional organisations, (OECD and IADB). It is not surprising therefore, that the policy prescriptions of the USA and its major allies, usually summed up in the term "neo-liberalism," reign supreme in the region, as indeed it does for much of elsewhere.

As all this has been occurring, the *second* set of conjunctural factors has unfolded. Starting two decades ago important countries in the Region have at one time or another been locked into various SAPs: Jamaica in 1977, Guyana in 1978, Trinidad and Tobago in 1988 and Barbados in 1991. All these SAPs have had broad effects on:

- i) *The size of the state and the re-articulation of its roles in society* – this has been accomplished principally through downsizing i.e., the systematic restriction of state ownership and state control of economic resources through a variety of divestment and privatisation policies.
- ii) *The re-constitution of civil society* – reflected in the emergence (and encouragement) of new actors; new modes of social organisation e.g., non-governmental and community-based organisations, revitalised roles for foreign and domestic business interests, to the extent that these latter are portrayed as the engine of growth; and the marginalisation of trade unions in some countries.

- iii) *The pattern of the region's insertion into the logic of the world economy* – observed in the liberalisation of external trade; the introduction of macroeconomic policies which give priority to the expansion of the traded goods and services sectors, the encouragement of private capital inflows, and the promotion of capital markets; and the national responsibilities governments assumed, as signatories to international agreements on trade, environment, social rights, investment, crime and so on, which have accompanied the globalisation process.
- iv) *The role of the state in economic decision-making* – through downplaying the roles of planning and encouraging markets and their price signals to guide the behavior of economic actors in key areas of resource allocation, and severely restricting the scope of public monopolies. The overall intention is to reduce both administrative decision making and the public sector in the region's affairs.
- v) *The role of social development in the Region* – by reversing the earlier regional emphases on development of the social sectors, e.g., health, education, housing and public relief and introducing new modalities of social intervention e.g., poverty programmes and special social funds. The net effect of these has been to put social development somewhat on the back-burner, and to undermine the traditional roles of line ministries in the region.

Under the aegis of these programmes the International Financial Institutions (IFIs) are now placing emphasis on what they term as “good governance” and the enhanced capacity of public management in the downsized state. The objective here, they claim, is to ensure that less is better.

This new emphasis is often portrayed as raising the motivation and operational effectiveness of government ministries, departments, semi-autonomous public agencies and regulatory institutions by the introduction of performance indicators (e.g., productivity measurement, performance appraisals, organisational surveys, recruitment and training). These policies of deconcentration, deregulation, devolution, divestment and privatisation are presented as both the technical means to attain the goals of economic reform and as a shift towards modes of governance based on autonomy and performance rather than the equity and universality promoted through the colonial administrative legacy in the region.



Initially the IFIs were timid in engaging what by the description given above are clearly very sensitive national matters. But in recent years they have become bolder:

*The current effort of economic reform has profound implications for the role of the state, and requires an appropriate institutional setting to enable the public sector to deliver the services needed to sustain private sector-led economic growth and to address social concerns. Hence, a clear commitment by Government to a comprehensive Public Sector Reform Program (PSRP) is a sine qua non for effective economic recovery (World Bank 1993:59).*

To be sure the same Report goes further and declares:

*Administrative reform cuts across all functions and levels of the public sector and requires the prioritisation of governmental functions, the reform of the organisational structure, the determination of the appropriate level of governmental action, and the rationalisation of resource use. In addition, improving the performance of the public sector requires careful attention to the quality of character of public service employment (page 43).*

In some countries for example, Jamaica, commentators have observed that this has produced parallel bureaucracies staffed with personnel working for these agencies.

#### *Systemic: Scientific-Technological*

The third set of systemic factors derives from the explosive development of information technology. This has operated as an independent systemic factor in the evolution of public policy in the region. This has been made possible because of the far reaching innovations in the design of information gathering and decision making systems which have emerged. While in the Region these were first reflected in the preparation of basic national accounts, balance of payments, population and financial data, and the application of routine cost-benefit analysis to public projects, they now include indicators such as the human development index (HDI), gender index and the gender empowerment measures of the UNDP, poverty maps, natural resource accounting, environmental impact assessments, social impact audits and a

variety of techniques which display an increasingly “managerial approach” to public affairs – usually along the lines pioneered in the USA. The main impetus behind the introduction of these new techniques in the region has been the IFIs, and it would therefore be important to conclude this analysis/diagnosis part of my lecture by pinpointing the crucial issues at stake.

### **Assessment**

As noted earlier, during the mid-1970s *the form* of public administration was considered a minor issue in the social sciences and of very marginal concern to development economists – despite the controversies which raged at the time about nationalisation, planning, and state-led economic development. When examined closely though, the disputes which took place then, were more often than not concerned with the *size of the state and not its modus operandi*. Today however, the *modus operandi*, that is the organisation of the public sector and the way it functions are at the core of neo-liberal concerns, with the result that: “public administration having been a marginal subject in the social sciences, has now moved to the center of the stage” (Murray 1992:1).

As was the case in the Caribbean, traditional public administration worldwide was hierarchically designed. It was generally felt though, that despite this, if the structures were properly blueprinted they could ensure that social objectives were met, lines of authority and communication within the organisation made effective, efficiency in delivery ensured and change and innovation internalised. In other words hierarchy could be made functional, while also facilitating economies of scale and the pursuit of the division of labour and specialisation which justified it. Neo-liberal administrative theory has challenged all this. First it claims that it is impossible by any other means than market “coordination” of independent agents to secure functional efficiency. As the argument goes the only historically successful institutional arrangement to yield in a consistent manner, competitive efficiency, consumer sovereignty and asymmetry between what is demanded in terms of quantity and quality and what is supplied, is market dealings between independent agents guided by price signals. The vehicle used to make this challenge is none other than the application of the maximising principles of neo-classical economics to government and public administration. Out of this, “*public choice theory*,” has emerged as a major area of economics. This theory states that the

motivation of public administrators is akin to that which prevails in the private commercial world. That is, public administrators pursue their own self-interest and not any presumed “public interest” which they have been “put there to serve”, the reason being that this is human nature and they cannot do otherwise. To do otherwise is to ask public administrators “to work against their nature,” not to mention the market as well! This is an impossible task, so that administrative discretion could never produce efficiency. In sum therefore, the view is that as traditionally organised public sectors are exercises in futility and waste. Moreover, because public administrators have monopoly powers, like all good monopolists their self-interest is served in:

- Restraining competition;
- Preserving “territory” and their power as “officials” who have public “duties” to perform
- Expanding their preserves, and
- Resisting innovation and changes which are potentially disruptive of their status.

Thus we might say that as producers of public goods and services, public sectors “*dominate the cycle of state-citizen relations*” and periodic elections in which representative government is renewed are not sufficient to prevent this pervasive domination. As far as public choice theory is concerned, the task we are faced with, is not to try to change people, for as remarked earlier, this is impossible, society will never be able to remove self-interest as the dominant force in human behavior, rather the objective should be to make this self-interest serve the public interest. Not surprisingly, public choice theorists turned for a solution to this dilemma in the capitalist commercial world where self-interest also prevails, but where it is disciplined and made productive by the invisible hand of the market. The introduction of market or near market structures to public administration is therefore the solution. Indeed, as far as the argument goes, this is the *only* certain means of ensuring that *consumer sovereignty (choice)* prevails – a necessary requirement for innovation and production discipline to thrive.

For markets to rule in public administration though, clearly the measurement of the output of public administrators is the first essential task to be accomplished. After this, an incentive and reward system based on market

and near-market innovations can be devised, which is performance oriented. The innovations which neo-liberal theory stresses are basically three fold:

- *One* is to elaborate on mechanisms and modalities which facilitate *the contracting out and buying in* of goods and services presently produced in the public sector.
- The *second* is to secure public objectives through *managing service delivery systems to citizens as far as possible on a commercial basis*, so as to facilitate consumer choice and assure market discipline.
- *Thirdly*, in cases where this will not work because market failure cannot be avoided, either private or public provision of these goods and services can take place, but it is imperative in both instances *that “regulatory” agencies* are established to minimise the exercise of monopolistic influences and to prevent market deviance.

The unmistakable objective of all this is to spread the universality of market principles by applying them to the public sphere, for this is the only known effective way of assuring efficiency, competition, innovation, consumer choice and satisfaction.

As Mars put it:

*The whole way in which the central issues of public sector organisation had been traditionally formulated was thrown in doubt – the shape of hierarchy, the form of the division of labour, the mechanisms of rationalisation and the process of systems maintenance vis-à-vis on environment. How these had been resolved constituted the ‘blueprints’ of organisation, its organisation chart (Mars 1992: 18-19).*

There is no doubt that selective application of these principles to the practice of public sector management in the region will result in improvements, nevertheless several weaknesses remain in them.

- First, this approach to the process of public sector reform is presented as a *technical and “neutral” orientation of the practice of public policy*, while it clearly is not, and indeed cannot be so:

*Although the issue of 'structure' of public sector organisation had come to be discussed in seemingly technical terms it was in fact amoral economy of public power (Mars 1992:19).*

- Secondly, the approach inadequately treats with changing *social relations among administrators and between administrators and citizens*. It might even be said that it abstracts from many of the fundamental features of social structure important to an understanding of the region: ethnicity, gender, size, class, locality and political affiliation.
- Thirdly, this approach ignores the rapid growth of networks and informal structures of service delivery both regionally and worldwide, that are *simultaneously non-hierarchical, distanced from power and property as they exist in public and private organisations, non-state and non-profit, and sustained by moral and non-market commitment*. Good examples are community- based organisations, non-governmental organisations and other such horizontal linkages of groups.
- Fourthly, services which are not readily *amenable to "packaging"* and where *quality* is important pose severe difficulties to this approach. The reason for this is that the impact of non-market motivation in the delivery of services by individuals is generally ignored. Yet we are all aware that pride in one's work, vocational commitment, dedication and other such behavioural attributes play an important role in the provision of quality service. (Note this problem exists in both the public sector and the commercial world. The provision of educational services at the University is a good example of the quality factor and the importance of personal motivation in the delivery).
- Finally, the consumer sovereignty on which these policies are predicated is based on the presumption that consumers have real *knowledge* about the services they consume. But within the region can we confidently assert that this is true in areas like nutrition, health and education?

## Prescription

Given the state of disarray which has been identified and the diagnosis offered, for the remainder of this *Inaugural Lecture* I shall focus on recommendations. I identify five as priority:

### *Constitutional Reform*

The pathologies diagnosed in this lecture suggest that a foremost priority throughout the region must be a *deliberately broad-based and ordered process of engagement in constitutional reform*. Because the roles of the state in society are being so rapidly re-defined, relations between various arms of the state are being daily re-articulated, the state itself in the international community is continually being re-structured, and new actors and organisations have emerged, the Caribbean cannot afford to allow this process to continue for much longer without intervention of a deliberate, systematic involvement of its peoples in a process of constitutional reform. This process should be internally led and not driven by external agencies and consultancies as is the case with public sector reform. This is the only way to ensure that regional communities “own” the process and to encourage decisions based principally on the historical circumstances of the area and, its capacities and constraints, and not exclusively on the basis of the abstract theorising of “public choice theory” and its claim of universally valid solutions. The dangers of the public choice “one-size-fits all approach” are already evident in other areas of public policy. The lessons of three decades of independence make it imperative that we give legal expression to a social compact befitting the times we live in. The approach of a new millennium also makes the timing of this enterprise very opportune.

### *Public Management*

If it is thorough, the process of constitutional reform will have to embrace *the reform of public management*. Yet this is an important enough issue to be identified as a separate priority. In the recent past several countries in the region have initiated efforts at public management reform. Jamaica’s administrative reform programme introduced in 1984 is felt by some to be the most advanced in the region and has even been portrayed as the model other territories should follow. To recall, Jamaica’s programme is aimed at:

- improving human resources available to the public sector;
- developing the management techniques which are used there, emphasising a systems approach;
- strengthening the central personnel agencies;
- improving the effectiveness of the Ministry of Finance and Planning;
- strengthening other line ministries, and
- reforming the Public Service Commission generally and specifically with a view of ensuring that it cooperates with government in recruitment, promotion and so on, while resisting political interference in a particular personnel's appointment, promotion or dismissal.

The last item listed above is important as within the region considerable attention has been given to the status of Public Service Commissions.

The concerns raised are: the protection and security of employment of public servants; resisting political interference in the public bureaucracy; guaranteeing equity and transparency in promotion; honesty and probity in public affairs; the political neutrality of public servants; and, a clear separation of public roles from the private affairs and views of administrators. As presently structured, the compositions of these Commissions are politically determined, with inadequate representation of public administrators. There is a further difficulty in that the concept of "neutrality" which the Commissions work with, and which they have inherited as part of the colonial tradition, has itself been superseded in Britain where more functional and managerial approaches to the obligations and responsibilities of both the political directorate and public administrators have been introduced. All these issues suggest therefore, that the process of public service reform (started in some countries) should be speeded up, and certainly completed by year 2000.

### *Local and Community Government Reform*

Like public management, a thorough process of constitutional reform would also embrace local and community government. But this too is an issue vital enough to be singled out. Within the Region several local government structures have gone into disuse, in some instances they have even been formally abolished. The resuscitation of local government, however, remains a definite priority. In particular there is need to:

- Redefine the constitutional status of communities, local and regional bodies and their relations to the Central Government.
- Give clear and precise legal status to community based organisations and networks (CBOs, NGOs).
- Build local government on the basis of its own self-financing through fiscal decentralisation and the legal mandating of resource transfers from central to local government in order to neutralise “political bargaining” in this process.
- Promote awareness of the importance of community building networking, and civic mindedness while at the same time reducing dependence on the Central Government for services and favours. Such structures would bring decision making closer to citizens and ensure their effective participation in making these.

Overall constitutional reform should however, deal with two important aspects of local government reform, that is, ensure a proper *balance* between centralisation and decentralisation, while simultaneously requiring administrators in local/community areas to adhere to *national norms of transparency, accountability, distributive justice, equity and performance* which the centralised administrations are bound to.

### *Technological Innovation*

To ensure that public policy benefits from the latest innovations in hardware, software, institutional design and practice and management techniques, mechanisms need to be put in place within the region to secure the continuous monitoring of these options. An obvious starting point would be to beef up R&D capability of existing national and regional institutions: universities, CARICAD, national management institutions, private sector organisations and NGO initiatives. This is likely to yield further benefits in the networking of these institutions, the development of collective means disseminating information, the establishment of agreed on priorities for future R&D, and the pursuit of joint programmes.

### *Fiscal*

Because public policies have to be translated into dollars and cents, patterns of public spending and revenue gathering, as well as the mechanisms for their delivery have a considerable impact on determining outcomes in society.



This makes fiscal reform a top most priority. By this I am not simply referring to individual taxes or the efficacy of revenue bureaus, but the systematic study of fiscal arrangements, based on national public consultations with all affected interests. The results of Royal Commissions on Taxation in Britain and equivalent bodies in other countries strongly recommend a national consultation approach, from which a consensual social compact on fiscal arrangements may be devised.

## **Conclusion**

If one lesson is to be learnt from this lecture it is that at bottom the issues centering on public policy are all fundamentally political. What else can they be when crucial choices confront us about the character of state, the nature of civil society, the pattern of distribution of income and wealth within society at large, and the manner of our country's involvement in the global system. Ultimately, good governance refers to no more and no less than the fundamental character of the relations between citizen and state. *Surely, by no stretch of the imagination can these be treated as principally technical matters.* They certainly have a technical component, but that component must serve the overall political interests of the community and not direct it.

Observers have noted time and again that the ascendancy of the present neo-liberal paradigm which frames public policy in the region, and much of elsewhere, has been a product of the political ascendancy of the "New Right" in Europe and North America in the 1980s and its political emphasis on liberalisation/marketisation in public affairs. If that is the case, the last thing we need in the region is a system of public management derived from an alien set of ideological proclamations. It is true that we do need a world view and ideology to guide this process, but this should be produced from the broadest national and regional consensus on reform. Such a consensus must be sufficiently broad as to ensure at the very least that all major political forces of the region participate in arriving at it. Without this there will be no guarantee that Caribbean states would ever become strong, and, in the jungle environment of today's world, weak states, (or for that matter any further weakening of Caribbean states), would not be in the long term interests of the Caribbean peoples. Such a consensus is important also in guaranteeing domestic continuity when changes of governments follow national elections. Such a consensus should also take into account the major sociological realities of the region: its size, its vulnerability, and the ethnic and cultural

pluralities which prevail, and even its political and social traditions as they have evolved before and after independence. Ultimately such a consensus will be more than a mere paper agreement arrived at by special interest groups. To achieve this though, requires systematic and deliberate efforts to secure the widest possible participation of people, communities and groups in this process. In the Region, our traditions in this regard are not very strong. Yet, I personally remain sanguine.

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## **Reflections and a Recipe for Change: Constitutional Reform in Saint Lucia**

Amit K. Chhabra\* and Damian E. Greaves\*\*

“Le mieux est l’ennemi du bien.”  
(The perfect is the enemy of the good.)  
- Voltaire, *La Bégueule*

In spite of relative post-Independence peace in the English-speaking Caribbean, recent debate has centered on whether Saint Lucia’s Constitution should be amended or replaced. This movement presents an opportunity for a Commonwealth nation to re-examine its governmental structures, account for civil liberties and economic rights protections, checks and balances, and to disallow “the law to become the hostage of history.”<sup>1</sup> On the other hand, an expansion of the rule of law and greater social welfare and enforcement might suffice.<sup>2</sup> Whereas the success of the United States Constitution is

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\* Former Visiting Professor of Law, St. George’s University; Counsel, Michelman and Robinson, LLP; UN Ambassador and Board Member, International Center for Ethno-Religious Mediation. My interest in the potential of the Caribbean results largely from pleasant encounters with the great, peaceful people of Grenada and Trinidad.

\*\* Assistant Professor of Humanities and Social Sciences, St. George’s University. Damian has served as Minister of Government in the Cabinet of Saint Lucia, a Member of Saint Lucia’s House of Representatives, the Senate of Saint Lucia, and a Member of the Saint Lucia Labour Party.

<sup>1</sup>Honorable Dr. Kenny D. Anthony, Prime Minister of Saint Lucia, *Reshaping Caribbean Jurisprudence: Prospects and Possibilities of the Caribbean Court of Justice, An Address to the Grenada Bar Association, Grenada* (2003). The coincidence of British domination in the West Indies should not dictate the form of regional charters.

<sup>2</sup>Although there have been consistent demands for Caribbean constitutional reform since the islands gradually obtained independence throughout the 1970s, we recognise that particularly strident public calls arose in the aftermath of the unpopular *Pratt and Morgan, infra*, decision by the Privy Council wherein a sentence of corporal punishment was commuted to life imprisonment. However, the renewed interest in a Caribbean Supreme Court pre-dated *Pratt and Morgan* and followed the 1992 Report on the West Indian Commission. Still twenty years earlier, the Representative Committee of the Organisation for Commonwealth Caribbean Bar Association (OCCBA) was established to study the replacement of the Privy Council by a Caribbean Court of Appeal. See <http://www.caribbeancourtofjustice.org/about3.htm>.

often touted, the United States does not follow a parliamentary system and thus comparisons can be awkward.<sup>3</sup> Still, it would be folly to compare only parliamentary systems as Saint Lucians are interested in the most effective government regardless of origin.

## Regional Context

In the English-speaking Caribbean, we boast of a democracy that has proven to be more resilient than that of any other sub-region of the developing world.<sup>4</sup> Nonetheless, over the past two decades the region has seen a flurry of rhetoric and constitutional reform efforts while the fundamental institutions have remained unchanged.<sup>5</sup> In Saint Lucia, constitutional reform was initiated by the Saint Lucia Labour Party during its 1997-2006 term in office. After it regained power in November 2011, it initiated official dialogue via the appointment of a Constitutional Reform Commission that placed reform firmly on the nation's agenda. The subsequent United Worker's Party (UWP) administration continued this effort. The aim is to re-define the nation's values, socio-political conditions and how citizens define themselves. A golden opportunity avails itself with the ostensible political

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<sup>3</sup>Moreover, the U.S. Constitution incorporates numerous amendments that allow it to constantly evolve whereas Saint Lucia's 1978 charter has never been amended. Indeed, the existing charter was never ratified by popular referendum, and thus cannot be said to have been the "authoritative expression of our collective will." Simeon C. R. McIntosh, *Caribbean Constitutional Reform: Re-thinking the West Indian Polity*, 264 (2002). Simeon McIntosh aptly posits that political decolonisation involves three stages: "[t]he progressive devolution of qualified home rule, then self-government, and finally, independence." Id. at 11, quoting Edward McWhinney, *Constitution-making: Principles, Process, Practice*, 4 (1981). In the absence of major amendments and concerted adaptation, the governing document might not be as responsive to Saint Lucian society at the end of this process.

<sup>4</sup>César Gaviria Trujillo remarked that "Barbados has enjoyed three centuries of parliamentary rule, an experience unparalleled in the world." César Gaviria Trujillo, Secretary-General of the Organisation of American States. Inauguration of the Constitutional Reform in the Caribbean Conference, January 20, 2002. Bridgetown, Barbados.

<sup>5</sup>Issues of participation, legitimacy, accountability, local governance and the people's constituent power are at the heart of this discussion as are separation of powers, the fusion of executive and legislative branches, limited parliamentary oversight of the government in small legislatures where Cabinet members are also Members of Parliament, and the disproportionality of electoral results under the first past the post (simple majority) system. Justin Blount, Zachary Elkins and Tom Ginsburg, *Constitutional Reform in the English Speaking Caribbean: Challenges and Prospects*, 15 (2011). These issues have largely been addressed in other Caribbean constitutional reform efforts, namely in the Bahamas, St. Vincent and the Grenadines, Barbados, Guyana, and Trinidad and Tobago. There have been calls for reformed charters in Grenada, St. Vincent and the Grenadines, Bahamas, Barbados, Guyana, and Trinidad and Tobago.

will that obtains on all sides of the political divide,<sup>6</sup> and welcome in Saint Lucia whose society and state are legacies of its colonial inheritance.<sup>7</sup>

Constitutions can suffer temporal dysfunction. There is growing concern that Saint Lucia's constitution needs to better address the demand for political party reform, particularly relating to general funding and campaign finance. Additional concerns include excessive partisanship, ineffective separation of powers, the efficacy of the no-confidence mechanism, judicial independence and legislature size.

Saint Lucia continues to recognise the Queen as head of state, and its citizens pledge continuing allegiance to her. But does the Westminster model guarantee good governance, despite the rhetoric that it has served the region well and is a source of strong parliamentary democracy?

### **Civil and Economic Rights**

Dr. Ernest Hilaire<sup>8</sup> in his submission to the Constitutional Reform Commission, suggests that constitutional reform ought to consider human rights' concepts of freedom to and freedom from. Though Saint Lucia's constitution includes twenty-two core political rights, the rights to health and shelter have not been addressed and efforts to reallocate assets are frustrated by entrenched property rights.<sup>9</sup>

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<sup>6</sup> Damian Greaves, Address on "Constitutional Reform – the Saint Lucia Experience" to the Biennial Convention of the Saint Lucia Overseas Associations, January 20, 2002, Bridgetown, Barbados.

<sup>7</sup> This includes a separation between state and society that has resulted in a lack of assimilation between the two, and ultimately the deficiency of its nationhood; a highly stratified society inimical to national integration; a highly authoritarian, centralised government which has frowned upon citizen empowerment; embellished expectations that have arisen out of the self-government experiment and an independence constitution that was at best negotiated and at worst imposed. Id.

<sup>8</sup> Greaves, *supra* note 6. See also generally, Selwyn Ryan, *Governance in the Caribbean* (2002); Neville C. Duncan, *Accountability, Responsibility and Participation: Creating Mechanisms for People's Participation*,; Simeon C. R. McIntosh, *Caribbean Constitutional Reform: Re-thinking the West Indian Polity* (2002); Steven Griner, *Political Parties of the Caribbean: Changing the Rules Inside and Out in Government and Opposition – Roles, Rights and Responsibilities* (2005).

<sup>9</sup> As observed by Justin Blount, Zachary Elkins and Tom Ginsburg, *Constitutional Reform in the English Speaking Caribbean: Challenges and Prospects* (2011).

On paper, the Order captures many of the basic liberties<sup>10</sup> that we would expect to see in a democracy.<sup>11</sup> Moreover, there is a recognition of the State's welfare role in guaranteeing its citizens an adequate standard of economic and social well-being.<sup>12</sup> Social welfare language also appears, in the principle that material resources should be directed "to subserve the common good" and that labor should not be exploited or inhumane conditions imposed;<sup>13</sup> however, there is little evidence that these provisions have been interpreted to provide positive social or health care rights.<sup>14</sup>

### Judicial Review

Other than establishing a High Court<sup>15</sup> with original jurisdiction over constitutional matters,<sup>16</sup> the Order does not stipulate that the judiciary is co-equal with other branches, that judicial review<sup>17</sup> receives deference, or that

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<sup>10</sup> The Preamble acknowledges that "the enjoyment of rights depends upon certain fundamental freedoms namely: freedom of the person, of thought, of expression, of communication, of conscience and of association....these freedoms can only be safeguarded by the rule of law." The Saint Lucia Constitution Order 1978, Preamble (c) and (d). A "commitment to democracy" and universal adult suffrage indicates an absence on paper of vestiges of inequality in voting rights. *Id.* Preamble (g).

<sup>11</sup> The fundamental rights and freedoms safeguarded appear to use language from, or similar to, that found in the United States Constitution and its Bill of Rights. Rights are granted "whatever his race, place of origin, political opinions, color (sic.), creed or sex" to "life, liberty, security" as well as equality and equal protection. Preamble, §1(a). Similarly, equal protection appears in the Fourteenth Amendment to the United States Constitution. *See* U.S. CONST. amend. XIV. Freedom of conscience, expression, assembly, association, privacy, and no deprivation of property without just compensation recall the Bill of Rights' First and Fifth Amendments. Preamble, §1(b) and (c).

<sup>12</sup> *Id.* Preamble (e).

<sup>13</sup> *Id.* Preamble (f).

<sup>14</sup> Similarly, in the United States there is no implied right to basic health care. If there is to be substantial constitutional reform, some argue, then there should be universal health care as in Europe and Canada.

<sup>15</sup> The Saint Lucia Constitution Order 1978, §105(1).

<sup>16</sup> *Id.* §106(1).

<sup>17</sup> This is the principle of *Marbury v. Madison*, 5 U.S. (1 Cranch) 137 (1803), the seminal American case establishing that U.S. federal courts have the implicit authority to interpret and invalidate acts of the other co-equal branches of government, so as to ensure that they act within the limits of the Constitution.

*stare decisis* controls. Using United States jurisprudence as an example,<sup>18</sup> Saint Lucia has the potential to build upon its charter with amendments, and by empowering the courts to develop the law. A powerful, co-equal executive is needed to enable the courts to adequately execute their interpretive role. This is possible under the current paradigm as the Order entrusts substantial power to the executive.<sup>19</sup>

The absence of regional judicial review stifles the development of constitutional jurisprudence.<sup>20</sup> In response to the *Pratt and Morgan* holding, Saint Lucia has participated in efforts to develop a Caribbean appellate

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<sup>18</sup> In the United States, the doctrines of equal protection and due process as embodied in the Bill of Rights have been thoroughly developed primarily through judge-made case law. Substantive due process consists of that body of case law developed by interpreting the Fifth and Fourteenth Amendments. The Government must provide due process where there is a deprivation of life, liberty or property. Which liberties are protected? If we rely on a purely textual reading, we would believe this to be the right to be free of shackles and arbitrary detention. However, the Supreme Court in *Roth v. Board of Regents*, 408 U.S. 564 (1972) indicated that more is intended: “the term denotes not merely freedom from bodily restraint but also the right of the individual to contract, to engage in any of the common occupations of life, to acquire useful knowledge, to marry, establish a home and bring up children, to worship God according to the dictates of his own conscience, and generally to enjoy those privileges long recognised . . . as essential to the orderly pursuit of happiness by free men.” *Id.*, 572. Case law originally upheld the “separate but equal” doctrine – in *Plessey v. Ferguson* – but later struck it down as “inherently unequal” *Brown v. Board of Education*, 347 U.S. 483, 495 (1954), and triggered the move to end state-complicit segregation in the United States. The lesson: an active judiciary that is not limited to its precedent is essential if Saint Lucia’s laws can be expected to evolve. Judicial review must be authorised in Saint Lucia’s charter and backed up by a powerful executive tasked with effectuating the judiciary’s interpretation.

<sup>19</sup> Parliament “may make laws for the peace, order and good government of Saint Lucia”, The Saint Lucia Constitution Order 1978, §40, and executive authority is vested in the Queen, on whose behalf the Governor-General may act; in turn, the Governor-General can vest authority in the Prime Minister, *Id.* §59(1) and (2), and appoint a Leader of the House, *Id.* §60(2), other Ministers, *Id.* §60(3), and a Leader of the Opposition, *Id.* §67(1). Of course, there is no present-day need for the Queen to be in the picture at all; the description of executive power must be amended to bring it in line with this reality.

<sup>20</sup> McIntosh posits that *Jaundoo v. A.G.* likely would have been decided otherwise if the ultimate arbiter, the Privy Council, did not serve merely at the behest of the Crown; for this reason, the court could not conclude that the Crown had inadequately compensated the complainant. *Jaundoo v. A.G. (Guyana)* [1971] A.C. 972. The case involved a challenge to a taking of land without just compensation. The Court determined that it could not decide against the Crown as the purpose of its own existence is to serve the Crown. See Simeon C. R. McIntosh, *Caribbean Constitutional Reform: Re-thinking the West Indian Polity*, 303-5. Moreover, the Privy Council’s decision in *Pratt and Morgan*, that a span of five years between condemnation and hanging was “inhuman and degrading punishment and other treatment” has been seen as absurd, in light of the fact that hangings are authorised under the Jamaican Constitution itself. *Earl Pratt and Ivan Morgan v. Attorney-General and Others* (1993) 43 W.I.R. 340.

court, in the form of the Eastern Caribbean Supreme Court (ECSC)<sup>21</sup> and the Caribbean Court of Justice (CCJ).<sup>22</sup> Saint Lucia needs to amend its charter to designate the CCJ, not the Privy Council, as its court of last resort.<sup>23</sup>

### Local Government

The Order does not explicitly provide for local government. However, increased representation can be achieved by re-instituting it. “Local government is a critical dimension of a reformed system of governance and hence its development is urgent.”<sup>24</sup> Local elections with party participation can strengthen the bond with citizens. Saint Lucia’s parties have access to top local political leaders who are likely to be most familiar with the community’s needs.<sup>25</sup> This relationship could translate into responsive national political leaders, thus providing citizens a voice in their parties and a continuously replenished pool of new leaders.

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<sup>21</sup> Established by the West Indies Associated States Supreme Court Order No. 223 of 1967. ECSC states joined with the United Kingdom to enter into a “status of association” pursuant to the West Indies Act of 1967, which further provided that the Queen would enact the West Indies Associated States Supreme Court Order (“Order”) to establish common courts for the ECSC states. All ECSC states, including Saint Lucia, have enacted the order. The main effect of the Order was to fuse the High Court and the Court of Appeal into the ECSC. See <http://www.eccourts.org/about.html>. The ECSC is a creature of the Organisation of Eastern Caribbean States (OECES), which includes Saint Lucia, but is a superior court rather than a court of last resort.

<sup>22</sup> Established on February 14, 2001 by the Agreement Establishing the Caribbean Court of Justice by members of the Caribbean Community (CARICOM), of which Saint Lucia is a member. The CCJ was formed expressly to abolish the practice of sending appeals to the Privy Council. However, individual nations need to abolish this practice, that is, by amending their constitutions or issuing other enabling legislation. Saint Lucia has not yet done so; thus it has been unable to send cases to the CCJ as a court of last resort.

<sup>23</sup> There remains concern that CCJ jurisprudence would be of the same quality as that of the Privy Council; Honourable Mr. Justice Saunders, JCCJ, *The fear of cutting the umbilical cord ... the relevance of the Privy Council in Post Independent West Indian Nation States*, 2nd Annual Eugene Dupuch Law School Lecture, Nassau, Bahamas (2010); see [http://www.caribbeancourtsofjustice.org/papers\\_addresses.html](http://www.caribbeancourtsofjustice.org/papers_addresses.html). Specifically, some are concerned that it will be less vigilant about human rights. Oliver Jones and Chantal Ononaiwu, *Soothing the Way: The Privy Council and Jamaica’s Accession to the Caribbean Court of Appeal*, *Caribbean Law Review*, v. 16, 183-197 (2010). However, we can simply ask that outside judicial observers issue *amicus* opinions to help the CCJ to develop its body of jurisprudence.

<sup>24</sup> Neville C. Duncan, *Accountability, Responsibility and Participation: Creating Mechanisms for People’s Participation*, 6.

<sup>25</sup> Greaves, *supra* note 6.



## Separation of Powers; Checks and Balances

### *Independent Judiciary*

Whereas Section 8 of the Order provides that the High Court has original jurisdiction to hear claims, and that decisions of the High Court can be appealed to a Court of Appeals, the final appellate arbiter is Her Majesty in Council. However, this contravenes commonsense by referring controversies to a foreign power, albeit one with historical ties to Saint Lucia.<sup>26</sup> The requirement of an independent judiciary is sacrificed. Moreover, a true separation of powers and the judiciary's ability to command respect by other branches is unclear. The High Court is the arbiter of constitutional cases,<sup>27</sup> but the Prime Minister appoints the judiciary.<sup>28</sup> The judiciary's role as independent, co-equal guardian should be codified in an amendment.

### *Powerful Executive*

Whereas the Governor-General is the official executive authority and delegates power to the Prime Minister and other Ministers, his involvement per se contravenes the need for a powerful, independent Saint Lucian executive.<sup>29</sup>

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<sup>26</sup> "The domiciling of ultimate judicial power over our constitutions in London, it is reasoned, leaves our political independence incomplete." Simeon C. R. McIntosh, *Caribbean Constitutional Reform: Re-thinking the West Indian Polity*, 265 (2002).

<sup>27</sup> The Saint Lucia Constitution Order 1978, § 106(1).

<sup>28</sup> Greaves, *supra* note 6.

<sup>29</sup> Generally, constitutions of the Commonwealth Caribbean do not vest executives with as much power as in other Commonwealth states. Specifically, they lack in four key areas: executive decree, executive veto, executive initiation of legislation, and constitutional amendment proposal. Blount, 11.

The Governor-General has emergency powers, as long as he does not contravene Parliament.<sup>30</sup> He can also severely limit the Prime Minister's discretion and power; in effect, the Prime Minister's power is a revocable license existing at the whim of the Governor-General. Moreover, the Governor-General can declare a state of emergency.<sup>31</sup> The reliance on a grant of power from the Governor-General is a relic of colonialism and a constant reminder that Saint Lucians are only independent at the whim of the Queen.

### *Term Limits*

In Saint Lucia, the Prime Minister and his Cabinet have much power. There is no separation of powers. The Prime Minister appoints the judiciary and there is no confirmation of the legislative branch;<sup>32</sup> the latter rubber stamps the executive branch. At present, there are no checks or balances, that is, no executive oversight. The opposition, the supposed watchdog, is incapacitated. In this context, term limits for Prime Ministers could help to avert the possibility of abuse of office and the dictatorial tendencies that can ensue with long tenures.<sup>33</sup>

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<sup>30</sup> The Saint Lucia Constitution Order 1978, §1(14). Similarly, the United States Constitution provides that *habeas corpus* may not be suspended except in times of rebellion or invasion where the public safety requires it, U.S. CONST. art. I, § 9; however, the President may not contravene Congress. *Youngstown Sheet and Tube Co. v. Sawyer* (Steel Seizure Case), 343 U.S. 579 (1952). President Truman attempted to proclaim a state of national emergency during the Korean War, but the Supreme Court held that he could not act contrary to acts of Congress. At issue was Executive Order 10340, which President Truman issued hours before Union Steelworkers Union's announced strike went into effect, directing the Secretary of Commerce to seize the mills and keep them milling, so as to not disrupt the Korean war effort; the justification was to avoid endangering the national defense.

<sup>31</sup> A state of emergency can exist "as a result of the occurrence of any earthquake, hurricane, flood, fire, outbreak of pestilence or of infectious disease, or other calamity whether similar to the foregoing or not." The Saint Lucia Constitution Order 1978, § 17(2)(b). Emphasis added. Note that to date there has been no historical evidence of abuse.

<sup>32</sup> Greaves, *supra* note 6.

<sup>33</sup> By comparison, in the United States Franklin Delano Roosevelt was elected to four terms as President; however, this was considered excessive and triggered a two-term limit. U.S. CONST. amend. XXII.

*Independent Legislature*

Parliament consists of Her Majesty, a Senate and a House of Assembly.<sup>34</sup> The appointment of senators by the Governor-General and Queen divides the government.<sup>35</sup> Is it not possible that Saint Lucians want only one party to govern the Senate, or want both parties to govern but in non-prescribed proportions? The appointments system is antithetical to an independent legislature; a constitutional amendment could rectify this.

*Political Reform*

In Saint Lucia, both political parties are reputed to have spent large sums in the 2006 and 2011 campaigns.<sup>36</sup> Allegations regarding a Taiwan-sponsored UWP election campaign, have exacerbated concerns especially after UWP broke diplomatic ties with the People's Republic of China in 2006 in preference for Taiwan. Commentators are concerned that foreign policy is being influenced by campaign funds. A constitutional amendment on campaign finance should regulate how funds are raised, require source disclosure, and limit the amounts spent.

A reformed constitution must also enhance the ability to assess and evaluate the Director of Audit's office. An effective Government Audit Office and independent, non-partisan and professional Director of Audit are critical to government accountability.<sup>37</sup> Without the requisite report of the Director of Audit and the House of Assembly, the opposition cannot assess how the Government and Public Service function and hence cannot pose questions to the Government on its stewardship. This stifles the opposition's participation.

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<sup>34</sup> The Saint Lucia Constitution Order 1978, § 23.

<sup>35</sup> Out of a total eleven senators, six are appointed by the Governor-General acting in accordance with the Prime Minister's advice; three are appointed by the Governor-General acting in accordance with the Leader of the Opposition's advice; and two are appointed by the Governor-General acting in his or her own, unfettered discretion. *Id.* § 24(2). By contrast, in the case of executive and judiciary power the Governor-General and the Queen arguably play less of a role.

<sup>36</sup> Greaves, *supra* note 6.

<sup>37</sup> Greaves, *supra* note 6.

Support for an effective Public Accounts Committee (PAC) could deter inefficiencies and maladministration.<sup>38</sup>

“We ought not to be spectators, regarding the constitution.”<sup>39</sup> Blount affirms that the constitutionalism of the English-speaking Caribbean is one of stability.<sup>40</sup> Constitutional reform, then, should “further begin an unfinished nationalist project of constructing an authentic post-colonial Saint Lucian identity and end the constitutional absurdities.”<sup>41</sup> These new “architectural stylings” should further guarantee social and economic rights in the form of social welfare such as health care, Medicaid- and Medicare-type subsidies for low income and elderly citizens; provide for the equality of the branches; eliminate ministerial appointment; introduce term limits; designate the CCJ as the court of last resort; and defer to judicial interpretations, even if they are unpopular.

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<sup>38</sup> Unfortunately, in Saint Lucia both the Public Accounts Committee and the Audit Office need rejuvenation. The current head of the Audit Office has been acting in the position for quite some time. In reality, one can interpret this as a mechanism used by the government to muzzle this office, de-motivate the staff and hence be an impediment for reports tabled to the House of Assembly. In the case of the Public Accounts Committee, this entity does not meet on a regular basis. Consequently, the checks and balances embedded in our constitution for holding government accountable have become dysfunctional and silent.

<sup>39</sup> Russel Lake Show - Radio 100, Helen Fm (no details), 2009.

<sup>40</sup> Justin Blount, Zachary Elkins and Tom Ginsburg, *Constitutional Reform in the English Speaking Caribbean: Challenges and Prospects*, 17 (2011). This stability stands in sharp contrast to “the churn and burn of constitutions in the Americas, where constitutions exhibit exceedingly low life expectancy.”

<sup>41</sup> Simeon C. R. McIntosh, *Caribbean Constitutional Reform: Re-thinking the West Indian Polity* (2002).

## **Book Review**

### **Negotiating Gender, Policy and Politics in the Caribbean: Feminist Strategies, Masculinist Resistance and Transformational Possibilities**

by Gabrielle Jamela Hosein and Jane Parpart, (Rowman and Littlefield International Ltd., London and New York, 2017) 240 pages.

This is a timely body of work dealing with strategies in the Caribbean for over two decades to create equality and equity through gender interventions. The publication is well timed in that these processes now require critical evaluation of their weaknesses and successes before we continue to forge ahead blindly. The years covered are the last decades of the twentieth century into the second unfinished decade of the twenty first century. This book therefore represents the processing of relatively current events. In the fast moving and rapidly changing political landscape, it is vital that societies make critical sense of politics and political instruments of change to avoid errors and waste of resources. The academic arm of the feminist movement that resides in the Institute for Gender and Development Studies at the University of the West Indies, Trinidad campus, now into its third decade, and from which the project was organised, is well equipped through its teaching, research, outreach and advocacy, for undertaking this critical scrutiny. The papers span the breadth of the Anglophone Caribbean states, while focusing on case studies and analyses of Trinidad and Tobago, Guyana, Dominica, Jamaica and St. Lucia.

The project which gave rise to the book, the brain child of Jane Parpart and Gabrielle Hosein, was deliberately intended to bring together academic analysts and researchers, rather than political or policy practitioners, although some of the authors wear two hats. The authors have drawn on interviews with those involved in these processes and negotiations for gender change, and on primary source materials that have triggered meaningful and sometimes

controversial debates in gender in the specific societies. The dimension that has been added by this project to conventional political analysis and policy critique is the ethnographic lens focused on political players, governance structures and outcomes. The ethnographic lens humanises this political pathway and deconstructs processes to convey the minutiae that are often disregarded although they may be crucial to whether change happens or not. Most importantly for feminist activism, the collected papers leave a historical record of selected gender change agents in the region over the period that the book covers.

In their assessment of the novel contribution that this book makes, editors Gabrielle Hosein and Jane Parpart write that a “substantial body of Caribbean feminist scholarship has examined women’s political leadership, gender and citizenship, constitution making and various issues characterising mainstreaming gender in policy and planning” (1). This collection of papers goes further, however, to amalgamate the above areas as “complementary parts of feminist activism for gender justice” (1). The complementary parts of feminist activism are the campaign discourses, personal challenges, manipulations of and by state machineries by various civil groups, all contending with a dominant male backlash that has bedeviled the region for at least three decades.

All of the papers draw heavily on Eudine Barriteau’s framework for gender justice. This integrated framework is gleaned from Barriteau’s theorisation of the material and ideological dimensions of a gender system in the Caribbean that is constantly at odds with the masculinist discourse in governance structures in the production of gender equity and gender justice. This congruence around the theoretical ideas produced by Barriteau allow for a homegrown and Caribbean centered analysis, a welcome change from the usual outward reach for theorists and thinkers who are assumed to add credibility or value to regional wisdom and experience. By relying heavily on regional insights, theoretical formulations and the experience of direct feminist state engagement of gender experts such as Barriteau, Patricia Mohammed, Linnette Vassal and Rawwida Baksh among others, the book signals a coming of age of indigenous Caribbean ideas in feminist and gender scholarship to matters that pertain to gender mainstreaming and gender policy in the Region.

There is variability in the quality and content of the papers, and as one reads, suggestions of a prescribed template comprising methodology, theory and structured subheadings that work against the narrative flow of the material in some of the papers. This is a constant reminder that the book was based on a collective project drawing on different skill sets and expertise. Nonetheless, what emerges is a picture of an under-resourced Region comprised of a series of small states that are battling differently in each society with how gender change is being managed through four feminist strategies to advance gender justice.

The authors demonstrate that within the region these four strategies i.e. women's political leadership, electoral quotas, the commissioning of national gender policies, and the impact of feminist organising to create transformational leadership, are connected either through personnel involved in shaping policy, or by the knock on effect of precedent that allows for transference of lessons learnt between and among countries. It is interesting to underscore a taken for granted point recurrent in each paper – that the project employs a feminist political consciousness and analytical framework as the yardstick for assessing gender justice. Many, if not most state machinery and actors would not openly employ this terminology or language to move policy and governance processes pertaining to gender along. In her well documented essay in this volume, Aleah Ramjitsingh notes for instance that “The Election of Prime Minister Persad-Bissessar is thus worthy of a critical feminist analysis in order to examine these structural and ideological constraints, and whether being elected a political leader and the prime minister of Trinidad and Tobago was a successful strategy for advancing women's rights, gender equality, democratic governance, women's political participation and leadership and gender justice” (47). Did Prime Minister Kamla Persad-Bissessar ever flirt with the concept of feminism publicly or privately in reaching out to her constituents? How and why academic theorising requires this perspective of the gender lens to enunciate and evaluate political gender change is a fundamental question that the book already throws up for further theorising.

The struggle between a perceived sense of the region as having achieved gender justice through a vibrant feminist stance and the patriarchal staunching of power in male hands as a knee jerk response to feminist efforts is well covered in Iman Khan's “Inclusion without Influence”. This paper deals with women, power and the quota system in Guyana. Khan demonstrates

that this minor victory of achieving an electoral quota system as a result of constitutional reforms may have cosmetically increased the visibility of women but not “bridged the distance between women and patriarchal norms, patriarchal state processes and patriarchal state structures”(89). The essays by Khan and Persadie on the failure of the quota system to achieve goals are valuable critiques of privileging demographic quotas over ideological gender considerations.

The strategy of the National gender policy, an important state centered approach throughout the Region, is dealt with in the papers by Deborah McFee, Ramona Biholar, Maziki Thame and Dhanaraj Thakur, who draw on insights from Trinidad, Dominica and Jamaica. These papers reveal the complex processes that the conceptualisation, drafting, passage and implementation of national gender policies entails and that these are still misunderstood “female” animals within state governance that have historically been structured with patriarchal bones. These papers have added to our post-mortem of the successful passage of gender policies, or lack of passage in these territories, and offers good insights into some of the major conceptual weaknesses that arise from this gender management strategy for change. As a lead consultant or primary architect in two of the national gender policies examined in these chapters (Dominica and Trinidad and Tobago), one omission that was glaring was the absence of thick descriptions of how policies are engineered and re-negotiated on the ground, while consultations are in motion. The unanticipated outcomes of engaging in gender dialogues within the society renders up reactions that are often surprising, and arise from the subterranean prejudices or popular knowledge about masculine and feminine roles and differentiations by ethnicity or class. The results remain unpredictable, just as political polls can often be way off target in predicting voting patterns. The authors in the volume needed to make more use of the policy or official documents as “academic resources” within these chapters. These remain rich gendered historical, situational and political overview of a society at the period of development and writing and as they date, they will offer themselves up for more in-depth analysis and deconstruction as original gender material.

The papers reveal that the four different yet interrelated strategies to manage gender change confirm that from the 1970s onwards, Caribbean states have been forward thinking, proactive in variable proportions and certainly demonstrating that they are aware of the power of gendered constituencies



within their realm. The book provides an insight into how these strategies have met with some measure of success or failure, the authors have highlighted weaknesses and lessons that need to be learnt as gender equity and equality continue to surface as markers of development of each territory in the future. The publication is a good source book for policy makers, politicians, senior leaders in government and students of gender, among others.

As with any good publication, the book also raises critical questions for further research and contemplation. While six references within the papers invoke the principle of ‘gender justice’ as the desired outcome of gender change through state engineering – the concept of gender justice itself in the post-colonial Caribbean state is not sufficiently theorised or philosophically engaged. The principle of gender justice “is grounded in the values at the core of liberal egalitarian justice: equality of access and the good of individual choice.”<sup>1</sup> Conventionally state politics in the Region has responded cosmetically to the demands of feminist or gender conscious groups as a power broking mechanism to satisfy a growing female constituent discontent, or to global pressures to negotiate trade or bilateral agreements. One is left to wonder whether leaders and policy implementers have considered or quantified the practical benefits of gender justice as the least costly and most productive and regenerating approach to sustained development. And philosophically, have there been serious dialogues on what achieving gender justice signifies for all other injustices and weaknesses that consistently undermine the fragile structures of power and the quality of life of a nation.

**Patricia Mohammed**

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<sup>1</sup>See [http://www.jesp.org/PDF/gender\\_justice\\_finalized.pdf](http://www.jesp.org/PDF/gender_justice_finalized.pdf) Accessed 20 June 2017

## Contributors

**Delroy Chevers** – is a lecturer of Operations Management and Information Systems at the University of the West Indies. He holds a PhD in Information Systems from the University of the West Indies. His research interests are information systems quality and success, IT adoption and project management. He is actively conducting research on a simplified process improvement framework for developing countries and the adoption of software process improvement initiatives in the English-speaking Caribbean.

**Anton Belgrave** – is a Deputy Director at the Central Bank of Barbados. His primary responsibility is the Financial Stability and its main publication, the Financial Stability Report. While having an extensive background in finance, he has also contributed to regional research in the area of macroeconomic modelling and forecasting and the impact of the fiscal accounts on growth. Prior employment opportunities as an investment analyst provided wide exposures to a range of financial instruments including hedge funds, private equity, debt instruments and listed equity. He possesses an MA in Economics from the University of Kent and is the holder of the Global Association of Risk Professionals' Financial Risk Manager certificate.

**Tiffany Grosvenor-Drakes** – is a Senior Economist at the Central Bank of Barbados. She has published research papers on tourism and various aspects of the financial sector and financial stability in journals, and as part of the Central Bank of Barbados' Economic Review, Financial Stability Report and Working Paper series. Her current research interests continue to be focused on areas related to financial stability, including the development of tools and indicators for macro-prudential and systemic risk. Tiffany possesses a BSc in Economics and Accounting from the University of the West Indies and an MSc in Economics and Econometrics from the University of Manchester (distinction).

**Shane Lowe** – has a keen interest in and working knowledge of Caribbean economies having worked as an Economist at both the Central Bank of Barbados and in the private sector. He has published both independent and co-authored empirical research papers in the areas of fiscal policy, financial stability, external competitiveness, tourism sustainability and economic development in peer-reviewed journals and as part of the Central Bank of Barbados' Economic Review and working paper series. More recently, his

research has focused on understanding the drivers of consumption volatility in small, open economies as well as on applying optimisation techniques to determining appropriate solutions to existing economic policy problems. Shane is currently a PhD candidate and graduate of the University of Glasgow where he earned his Master of Science in International Financial Economics with distinction. He previously obtained a Bachelor of Science in Economics and Accounting from the University of the West Indies, Cave Hill, and is also a holder of the Global Association of Risk Professionals' Financial Risk Manager certification.

**Paul Thompson** – is a Post-doctoral fellow at the University of Kwa-Zulu Natal (Durban) in South Africa. His areas of academic research interests include: Formation of South Africa's post-Apartheid national development Project; Post-colonial Studies, Seychelles socio-political and economic landscape and the Arabian Gulf States hybrid rentier and developmental and competition state models.

**Clyde Mascoll** – is a lecturer in the Department of Economics, at The University of the West Indies, Cave Hill Campus. His main research interests are in the fields of public finance, macroeconomic modelling and political economy with special emphasis on Caribbean economies. He holds a PhD in Economics from the University of the West Indies.

**Alicia Nicholls** – is a trade and development consultant and a Consulting Legal Researcher with FRANHENDY Attorneys. Her career included extensive trade research and consulting for private individuals, NGOs, and international organisations. She has written and presented on issues of particular importance to Caribbean small states, including economic citizenship, de-risking, investment law and policy, climate change, public health, and sustainable development.

**Yentyl Williams** – is a PhD Researcher on European Union (EU) affairs with Africa, the Caribbean and the Pacific (ACP) countries at the University of Ghent, and Founder and President of the ACP Young Professionals Network (ACP YPN). Yentyl has several years of work experience on EU relations with the African, Caribbean and Pacific (ACP) group of states, in both the public (European Economic and Social Committee (EESC) and private sector (consulting). She has been researching the EU-ACP Economic Partnership Agreements since 2011 and has numerous publications on the topic.

**Don Marshall** – is the Director and a Senior Fellow in the Sir Arthur Lewis Institute of Social and Economic Studies (SALISES). His current research focuses on: the globalisation phenomenon, offshore financial centres, scientific finance as a discourse, industrial policy issues and democracy and governance in the eastern and wider caribbean.

**Clive Y. Thomas** – a retired Lecturer of the University of Guyana. One of the most prolific Caribbean Economists of his generation, his scholarship spans all aspects of Economics. He has authored and co-authored 30 books, as well as numerous research monographs/papers. His major fields of research interests and publications include Macro-economics and Finance, as well as in Small and Micro-Economies, Development Economics, with special emphasis on growth, trade, finance, agriculture (sugar), environment, and natural resources, Social Sector Economics, with special emphasis on poverty analysis and eradication measures.

**Amit K. Chhabra** – is an attorney and legal scholar. His research focuses upon the laws of war, preventive war, superpower duties to engage breakaway states and the responsibility to protect. He is a former visiting law professor at St. George's University in Grenada and at New York Law School. He lives in New York City where he is legal counsel at Michelman and Robinson LLP, advising multinational banks on cybersecurity, investigations and policies. He is a member of the American Society of International Law.

**Damian E. Greaves** - is currently an Associate Professor and Deputy Chair of the Department of Humanities and Social Sciences at St. George's University in Grenada and lectures in the areas of Sociology and Politics. His recent publications include: Greaves, D. E., and Amulera -Marshall, O. (2010). Saint Lucia. In Johnson, J.A and Stoskopf, C.H (Eds.), *Comparative health systems: Global perspectives*. Boston: Jones and Bartlett Publishers and Greaves, D.E. (2016). *Management/leadership of health systems in Small Island Developing States of the English-Speaking Caribbean: A critical review. Journal of Health Management. Vol. 18 (4), October – December, 2016.*

**Patricia Mohammed** – is Professor, Gender and Cultural Studies and the Campus Co-ordinator, School for Graduate Studies and Research, the University of the West Indies, St. Augustine. She also acted as Head and holds a Senior Lecturer position at the St. Augustine Unit of the Centre for

Gender and Development Studies. Her main areas of interest are gender issues, history and art.

**Tivia Collins** - recently completed her MSc in Gender and Development Studies at the University of the West Indies, St. Augustine Campus. Her thesis examined the development and implementation of the abortion law of Guyana. She is currently a PhD candidate at the Institute for Gender and Development Studies, UWI St. Augustine, focusing on gender and intra-regional migration in the caribbean.

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