CHAPTER TWELVE

THE CARIBBEAN IN THE GLOBAL FINANCIAL AND ECONOMIC CRISES

Introduction

The EU economic partnership agreement represents a major turning point in the relationship between the Caribbean and Europe. It expands on the economic and political relationships that individual Caribbean countries have had with individual European countries to embrace new forms of economic and political relationships based on the Caribbean and Europe as two blocs. This chapter focuses on the general contradiction that the Caribbean now faces – pursuing the free trade based CARIFORUM-EU EPA while embroiled in the global financial and economic crises, which the EU, US, G-20 and IMF seek to resolve by implementing state-interventionist measures that contradict those of the CARIFORUM-EU EPA.

The underlying concern is that the Caribbean is simultaneously preoccupied with the CARIFORUM-EU EPA, and the global financial and economic crises. This is like a double jeopardy for the Caribbean that over-stretches its scarce resources. Caribbean peoples need to find an approach to both dangers that would bring about a unique solution that frees the region from the domination of EU bloc imperialism and US-led globalization. First, there is an assessment of the impact of the global financial and economic crises on the Caribbean. This is followed by a discussion of the fraud perpetuated on the region by the Stanford Financial Group, and the collapse of the CL Financial Group and the bailout by the Trinidad and Tobago government. Finally, there is discussion of the proposed policy options for the Caribbean region.

Assessing the Impacts of the Crises on the Caribbean

Hitherto assessments of the impact of the global financial crisis on the Caribbean seem to concentrate on whether the crisis actually has effects on the region, what the possible effects could be in the absence
of immediate corrective policy action, or the possible policy initiatives
the region could implement to deal with the crisis. There is little or no
attempt in the Caribbean literature to assess the intersection of the cri-
ses and the CARIFORUM-EU EPA. The globe is about to be reorgan-
ized possibly on the basis of the G-20, in which a larger number of
countries with greater sway compared with those that organized the
global order established at the Bretton Woods conference, will have a
say on its reshaping. The G-20 is less inclusive that Bretton Woods,
since more countries were involved in the latter. But, the G-20 com-
prises more countries with greater economic strength compared with
Bretton Woods. Furthermore, the G-20 is merely recycling failed
Bretton Woods institutions, such as the IMF.

The US and powerful European countries dominate the Bretton
Woods world order. Today, however, there is a larger number of coun-
tries with greater economic power that will have a role in reshaping
the global economic order. This new situation presented by the global
financial and economic crisis comes on the heels of the singing of
the CARIFORUM-EU EPA, which demands an understanding of
the intersection of the three processes – EU bloc imperialism, the
CARIFORUM-EU EPA, and the global financial and economic crises,
at the present historical juncture. Undoubtedly, the global financial
and economic crises, the fraud at the Stanford Financial Group, and
the collapse of CL Financing, will negatively impact the Caribbean's
commitments to the CARIFORUM-EU EPA.

The decline in economic growth associated with the crises will
increase the need for funds in the region at a time when the region is
set to lose money due to the trade liberalization measures of the EPA.
This will increase poverty in the Caribbean because the region will be
hemorrhaging from two sources – the EPA and the financial and eco-
nomic crises. At the political level, the EPA transfers power from the
Caribbean state to the EU through a supra-national governance struc-
ture, while the global financial and economic crises requires the
Caribbean state to take defensive protectionist actions. The future con-
tradictions here at both the economic and political levels are quite
obvious.

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