Asian Journal of Latin American Studies (2016) Vol. 29 No. 3: 55-74

Services Measures of the United States and the OECD and the Search for 'Caribbean Resilience': Keeping Dependence in Perspective*

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Rabidas, Ujjwal (2016), "Services Measures of the United States and the OECD and the Search for 'Caribbean Resilience': Keeping Dependence in Perspective"

ABSTRACT

Economic dependence has been the single overarching criterion to define the Caribbean and to apprise its vulnerabilities. Hence, a sudden spurt of so-called resilience in the island-studded region is becoming a matter of serious concern. In this context, this study briefly highlights the two cases that have triggered the search for resilience in the Caribbean: 1) the WTO dispute over cross-border internet gambling and betting services, which involves Antigua and Barbuda against the United States, and 2) the controversy regarding international tax competition which involves several of the Caribbean island states vis-à-vis the OECD. By tracing the evolving concept of resilience with its varied notions, this study provides an appreciation of the nature of this search for resilience as being mediated through the outcomes of the two cases in consideration. Furthermore, it presents the argument that the pressing search for 'Caribbean resilience' is indicative more of the contours of vulnerability and structural constraints, that the Caribbean region continues to face than the search itself signalling resilience of this region in a meaningful sense of the term. While bringing the context of a 'small open economy', it concludes with the remark that the search for 'Caribbean resilience' has to be premised upon the agenda of transformation of the structure of production for sustenance of resilience in its true meaning rather than being selective and rhetorically co-opting the Caribbean legacies.

Key Words: Caribbean SIDS, Antigua and Barbuda, United States, OECD, resilience, vulnerability, economic dependence, tax havens

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* My gratitude to Professor Abdul Nafey of Jawaharlal Nehru University for his encouragement and my gratefulness to the three anonymous reviewers whose critical comments have been helpful in improving the draft.

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INTRODUCTION

The Caribbean small island states, falling mainly in the eastern side of the Caribbean Sea, continue to evolve with their politico-economic peculiarities and with the lingering legacies of colonialism, slavery and plantation economy. When the Caribbean was decolonized in the early 1960s, a short-lived project, i.e., the West Indies Federation, was seen as its strength that had aimed to integrate and unite the region as a single political entity while achieving self-dependence on the political and the economic fronts. The project was backed by the common experiences of the past and the felt necessities of a shared future among the euphoria of decolonization. 'Economic dependence', however, has dominated every envisioned project in the Caribbean islands and remains the essential condition to define their collective identity.

In the context, therefore, two highlighted cases have sought greater attention for their search for 'Caribbean resilience' and thus having significance in the Caribbean development process: i) the case of cross-border supply of internet gambling and betting services involving the Caribbean island state of Antigua and Barbuda against the United States in a dispute settlement body of the World Trade Organization (WTO), and ii) the related controversy that includes several of the Caribbean nations vis-à-vis the Organization of the Economic Cooperation and Development (OECD) on international tax competition and 'harmful tax practices'. It should be noted here that there are important reasons for considering these cases in the context: i) these controversies involve the attractive flavor of cutting-edge technologies and knowledge-intensive skills that have become integrative to the current tone of Caribbean development thinking; ii) there exists a long-standing history of how the North American and the West European capital investments have dominated and directed the Caribbean island economies; and iii) yet a search for Caribbean resilience struggles between these two (i.e., the attractive flavor of technologies and skills and the history of foreign domination) and seems to falling prey to the latter one. Understanding the outcomes of these cases is therefore important vis-à-vis the development process in the Caribbean because a clear narrative of 'resilience' that is being searched and inscribed against the lingering dependence without taking the deeper roots of the Caribbean into consideration. The following are the cases briefly described.

Antigua and Barbuda, a WTO member, had complained in 2003 that the cumulative impact of the measures adopted by the United States, another WTO member, may be 'inconsistent' with latter's obligations under Articles II, VI, VIII, XI, and XVII of the General Agreement on Trade in Services (GATS)[1] and prevent the cross-border supply and market access of gambling and betting services of the former. The United States had responded to the allegations made, by invoking the GATS 'exceptions provisions' under Articles XIV(a) and XIV(c), that its measures in question are 'necessary' to protect public morals and maintain public order, and are therefore consistent with the *chapeau* of the Article XIV of GATS (WTO 2014).[2] The three federal laws –the Wire Act (1961), the Travel Act (1952), and the Illegal Gambling Business Act (1955)– were the measures in the context along with the provisions of four state laws of Louisiana, Massachusetts, South Dakota, and Utah of the United States. Since the inception of the dispute in 2003, moreover, the perceived allegations had included several dimensions of legal complexities and factual questions, and therefore the appellate body, by exercising what is called the 'judicial economy' within the ambit of the WTO, interpreted the final outcome(s) between 2003 and 2007 after several rounds of compliance proceedings (WTO 2014).

The internet gambling and betting services case involved all the flavour of what is metaphorically termed as struggle between Gulliver and Lilliput with Antigua and Barbuda's economy approximating 0.007 per cent the size of the United States (Cooper 2009, 208). Another issue of international tax competition, therefore, involving several of the Caribbean island states (among others elsewhere) vis-à-vis the OECD has sought greater attention.

1 Caroline Bissett's basic information on GATS could be worthwhile: 'The GATS emerged in January 1995 in the Uruguay Round and was inspired by many of the same objectives as its trade in goods counterpart, the General Agreement on Tariffs and Trade (GATT). Both agreements aim to create a credible and reliable system of international trade rules, ensure non-discrimination or fair and equal treatment for all Members, stimulate economic activity through binding trade policies, and promote development and trade by progressive liberalization. The GATS is one of the only sets of multilateral rules governing national measures affecting trade in services and contains both general obligations binding on all [...] WTO members and specific national schedules of commitments' (Bissett 2004, 368).

2 The concern is raised that the online gambling could be dangerously available to children as its service could be availed by a user by placing a bet with a credit card number only. Moreover, online gaming is believed to becoming popular on college campuses in the United States with 7 per cent addiction at present (Hogan 2007; cited in Wohl 2009, 3). There are other perceived concerns related to such services like these being used by criminal or terrorist organizations for money laundering (Leach and Carruthers 2006; cited in Wohl 2009, 3). The United States, however, 'continue to allow traditional brick-and-mortar casino gambling, horse and dog racing, lotteries, and other gambling services within its border' (Bissett 2004, 369).

The OECD,[3] following its 1998 Report on tax practices, had formally listed some of the Caribbean countries and dependencies as 'tax havens' in 2000 according to the criteria laid down in 1998 and caused substantial economic losses to them.[4] Those alleged tax havens were Andorra, Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Barbados, Belize, British Virgin Islands, Commonwealth of Dominica, Grenada, Montserrat, Netherlands Antilles, Panama, St. Lucia, St. Kitts and Nevis, St. Vincent and Grenadines, Turks and Caicos Islands and the United States Virgin Islands (OECD 2000, 17). Bermuda, Cayman Island, and San Marino had signed advanced commitment letter and thus avoided being (black)listed thereupon, and the rest were called on to provide commitments to eliminate those tax or fiscal features falling under the OECD's criteria of tax havens (James 2002, 03).

The interpretation, thus, of the outcomes of these cases holds significance for the trajectory of the Caribbean development today. How far the outcomes of these cases demonstrate a 'Caribbean resilience'? Or, these outcomes reinforce the structural constraints over these islands? By way of an empirical method, on the academic side, this study underlines the shrinking understanding of development choices in the Caribbean islands along with apparently promising sphere of international advantages that these island economies are mimicking with considerable premium on cutting-edge technologies and human skills. This work also brings back the 'Caribbean wisdom' that once understood development as 'transformation of the production structure' and its sustenance to reflect how the 'resilience' development thinking in the Caribbean is threatening to throw the integrity of the regional development process out of gear.

The work is divided into the following four sections with an attempt

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3 The OECD is an influential multilateral body that proclaims to promote the sound economic expansion in member and non-member countries on non-discriminatory basis in accordance with international obligations. Its member countries are Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States (OECD 1998, 2). According to OECD's online display of membership informations, Slovak Republic joined this economic grouping in 2000 whereas Chile, Estonia and Sovenia earned their membership in 2010 (see www.oecd.org/about/membersandpartners/list-oecd-member-countries-htm).

4 a) No or nominal taxes, b) lack of effective exchange of information, c) lack of transparency, and d) no substantial activity or attempt to attract investment or transactions and that are purely tax-driven were the criteria that the OECD had laid down in its 1998 Report titled "Harmful Tax Competition: An Emerging Global Issue" (OECD 1998, 22-23). The 1998 Report sought to address 'harmful tax practices' that are in the form of 'tax havens' and 'harmful preferential tax regimes' that are in OECD member and non-member countries and their dependencies (OECD 1998, 3).

to explain this research question. The following first section describes the evolving concept of resilience from an International Relations perspective though its apparent link is the closest with the discipline of Economics. The section following to that shows that an articulation of resilience can be found in the Caribbean which is evolving side by side to that of the existing concept of resilience and being mediated through the seemingly favorable outcomes of the two cases in consideration. The next section argues that such an articulation mediated through the outcomes of the cases renders the very understanding of a 'Caribbean resilience' as vulnerable because it falls prey to the dominant metropolitan strategies, and this is the dilemma of these small islands that this study seeks to highlight while 'keeping dependence in perspective'. This work concludes in the final section that the Caribbean islands have to seriously consider to transform their production structure for self-sustenance of the development process though they face practical constraints on account of being 'small open economies'.

First of all, therefore, this study causes for appreciation of the term of resilience which is a new and an evolving concept in the subject concerning the behaviour of the geographically small islands in the Caribbean vis-à-vis the international system; it is acquiring increasing attention in the field for its developmental implications; and there are noticeable attempt to arrest the Caribbean responses to the services contestations in the language of 'resilience'.

EVOLVING CONCEPT OF RESILIENCE

It appears from the content of the discourse of 'resilience' that it is most intimately related to the discipline of Economics and, due to interdisciplinary spill-over, it has recently started appearing in the domain of International Relations and Area Studies. It seems, moreover, that a general concept of resilience is yet to arrive at a stage with a more coherent and systematized connotation; this, however, allows one to reasonably depend on the available literature for a conceptual expression of the term in the specific context.

Given the concept's apparent closeness with Economics, 'economic resilience' has got currency in the resilience discourse with relatively better precision which refers to the policy-induced coping ability and enabling a country to withstand or bounce back from external shocks (Briguglio, et al. 2008). In other words, it is essentially a shock-reduction strategy. Economic resilience as the policy-induced coping ability is further juxtaposed with the 'economic vulnerability' which is believed to be 'inherent' in a small state primarily due to its economic openness caused by its national geographical size and natural endowments that are insufficient for the development of a conventional scale economy. The idea of economic resilience is practically very useful as it directly engages with its counterpart of economic vulnerability and has even got a distinct design of a resilience index with its own approach and a complex methodology which, however, an expert with enhanced knowledge of the tools of economic analysis is better qualified to make use of. For the precise reason, therefore, (that it is closer to the complex tools of economic analysis), the term resilience rather than economic resilience, is frequently appearing in the literature of International Relations and Area Studies concerning the behaviour of the small states, but seems to be informed largely by the 'policy-induced coping ability' of its economic variant. Probably this is the reason that Andrew Cooper and Timothy Shaw (2009, 2) laid emphasis on what they call 'the innovative character of small states' and their 'creative agency'[5] while referring to the conception of resilience.

Cooper and Shaw used those phrases in the context of an *opening space* of opportunities for the small states in the international economic sphere which is understood as a feature of economic globalization. Since the opening space with a globalizing process is identified with diverse consequences, a liberal identification is to see it as a sphere of international *competitive* advantages and supposedly seeing it as an enabling factor for a small state's capacity *if* the state is able to turn itself favourable to the advantageous space; therefore its resilience characterization as 'irrelevance of economic smallness' (Griffith 2007) because it is the small national economic size that primarily limits the possibility of a scale economy and the very limit is inapplicable in the international sphere which is arguably advantageous. While assuming the pre-existence of cultural and institutional framework in a society which is crucial for trust and social cohesion, the 'irrelevance' line of argument believes that an adequate supply of knowledge skills at competitive prices to the international market can attract foreign direct investment and can help diversify a small state's structure of production; thus overcoming the development obstacle associated with narrow natural resource base (Griffith 2007, 941). This thought expresses considerable faith on human agents in a small state's development in a globalizing world and is a core constituent of Copper

5 Cooper and Shaw use those phrases (i.e., 'the innovative character' and 'creative agency') with the claim of having timely presented their edited collection on small states to catch up the analytic and political attention to math these states' proliferation.

and Shaw's (2009) 'creative agency'.

The argument of the 'irrelevance of economic smallness' has found further implicit explanatory bolstering in what Harvey Armstrong and Robert Read (2003, 106) called the 'endogenous growth theory' and outlined with three 'conditional variables' that cause a small state to be internationally competitive. The first variable is 'openness to trade' induced by the small size of a state. This variable requires pursuit of export-led (rather than import-substituting) growth policies and is critical for international competitiveness. The second is the 'stock of human capital' as a key source of comparative advantage (and a subject of investment in education and training). Armstrong and Read identified the existence of 'convergence clubs' as the third conditioning variable which suggests a small state's proximity to and integration with regions that are relatively prosperous and high-growth oriented, but may be treated as region-specific and may not be applicable to all the small states. Thus, Armstrong and Read (2003, 117), because of these conditioning variables, were of the opinion that 'small size is not necessarily a hindrance to sustained economic growth and the attainment of high levels of per capita income', but they emphasized upon effective policy formulation and implementation. These conditioning variables, however, are causes for a possible resilience policy to develop coping ability than themselves being the sign of resilience.

The policy-induced international competitiveness is again associated with 'niche products' in the small states, particularly in services which they are arguably most capable of producing such as hosting offshore financial centres and tourism (Prasad 2009, 43). Such products may also include several 'unorthodox' development strategies like 'selling sovereignty' (i.e., earning aid in exchange for votes in international forum), providing military bases, shipping registries (i.e., registering foreign owned vessels under national flag), selling passports to rich businessmen as a source of revenue, philately to earn foreign exchange, multilateral trust funds to mobilize capital for development, selling international telephone routing country code and internet domain names to private firms, internet gambling etc. (Prasad 2009, 52-60).

Finally, resilience can also be linked with the practice of what Donna Lee and Nicola Smith (2010, 1100) would express as resorting to 'widely held values of trade liberalisation' as done by some African small states against the United States and European domestic cotton subsidies and also by Antigua and Barbuda against the United States in a highlighted WTO dispute panel on internet gambling and is one of the cases in consideration in this study.

As the above discussion shows, the term (economic) resilience has acquired very wide expressions that could range from the ability of a country to innovate and produce what it is best suited for to its macro-economic policies and could even incorporate the requisite skills to win over a dispute or contestation in international forums such as the WTO with its refuge to the principles of liberal trade values.

SEARCH FOR 'CARIBBEAN RESILIENCE'

Precisely, because of the wide-ranging expressions of the term, an attempted search for resilience could be observed in the Caribbean context, although this search appears to be influenced mainly by the policy-induced copying ability to bounce back from an external shock. Not to mention, the outcomes of the above disputes arising from services measures of the United States and the OECD have been formative in the search for the 'Caribbean resilience'. This section, thus, aims at the outcomes of the contestations and the interpretations that followed.

The appellate body found in the online gambling and betting services dispute that Antigua and Barbuda could not sustain the allegations concerning certain measures of the United States as 'inconsistent' with Article VI of GATS. (The 'total prohibition' of the cross-border supply in itself to constitute a *measure subject* to dispute settlement was questioned by the appellate body.) It was, however, maintained on a narrow ground that the United States had failed to show that the adopted measures were 'necessary' and satisfy the conditions of the chapeau ('exceptions provisions') of Article XIV. (The GATS Schedule of the United States had been interpreted to include specific commitments for gambling and betting services under the sub-sector entitled 'Other Recreational Services (except sporting))'. Therefore, it was determined that the United States' measures had impaired US$ 21 million annual benefits accruing to Antigua and Barbuda. The member state (Antigua and Barbuda), thus, may request authorization from the settlement body to suspend the determined obligation at a level not exceeding US$ 21 million annually (WTO 2014).[6]

This case of online gambling and betting services, as expected, elicited

6 However, 'To keep up the negotiating pressure on the US', Andrew Cooper (2009, 216) notes, 'Antigua filed for US$ 3.44 billion in annual compensation from the compliance panel established by the WTO (a vast amount given the size of Antigua's economy). But when the US eventually announced in May 2007 that it would be non-compliant, by the virtue of withdrawing its commitment on betting services under Article 21 of the GATS, it offered only compensation to the amount of US$ 500, 000 for lost annual revenue'.

some responses and viewpoints that largely fall within the above mentioned notion of resilience and in which the absolutely paradoxical economic and geographic size of the parties in the case was crucial. Bissett (2004, 367, 374), for example, noted that Antigua and Barbuda took on the most powerful nation of the world. This case arguably problematized the proverbial notion of small state vulnerability as it was seen 'empowering' Antigua and Barbuda because the arbitration went in its favour extracting US$ 21 million annually (Wohl 2009, 2). The amount of US$ 21 million annual could be considered a huge economic compensation for Antigua and Barbuda with a budget of US$ 145 million a year (Bluestein 2006; cited in Cooper 2009, 214). Lee and Smith (2010, 1100) projected this 'victory' as this Caribbean country's ability to underpin an offensive strategy and demonstrate 'unanticipated power of agency' against a large state and a powerful WTO member by appealing to widely held values of trade liberalization. As a seeming elaboration of Lee and Smith's projection, it is interesting to note the observation made by Cooper and Shaw (2009, 11): 'Having carved out a distinctive and lucrative niche in the global economy, Antigua (as a rentier state) and its allies within the gambling industry were determined to hold on to that advantage in spite of being branded as a proverbial 'Pirate of the Caribbean' by the US'. The concern with equality and establishment of a level-playing field, in Cooper's (2009, 212-213, 215) opinion, was thus the claim of justice of this Caribbean twin-island in the WTO panel as it was determined to punch above its weight.

The internet gambling and betting services case, as the preceding section delineates, involves all the flavour of what is metaphorically termed as struggle between Gulliver and Lilliput with Antigua and Barbuda's economy approximating 0.007 per cent the size of the United States (Cooper 2009, 208). The issue of international tax competition seeks greater attention precisely because it did not involve a court of arbitration with the plea of level-playing field. Moreover, there did not exist any 'victory moment' for the Caribbean nations in the tax controversy as it ostensively was with the case of online gambling, may be because it lacked the moral force of an appellate body and consequently the Caribbean economies suffered adversely due to the listing. It is interesting to note that the OECD could not achieve its target either what it had set for itself initially and the issue of 'harmful' international tax competition remains a bone of contention (Government of Antigua and Barbuda 2012; 2013). The responses of the Caribbean leaders, however, to the OECD listing are self-evident of the importance that such tax/'investment'-related services have gradually acquired in the contemporary Caribbean, and seems useful in the given context of 'resilience'.

As Vaughn James (2002, 28-33) has documented in 'Twenty-First Century Pirates of the Caribbean', the responses of the Caribbean leaders to the OECD initiative were condemnatory and strong. The Barbados Prime Minister Owen Arthur, for example, called the OECD listing as 'double standard',[7] whereas Antigua and Barbuda's High Commissioner to the United Kingdom, Ronald Sanders, characterized it as a form of 'neo-colonialism'. Sanders, moreover, called it the strategy by the industrial nations to shut down an option for the Caribbean nations for latter's dependence reduction. The OECD move was illegitimate and an abuse of power for the governor of the Central Bank of Barbados, whereas for the President of the Caribbean Development Bank it was only a desire to recapture the lost business by the OECD countries. James (2002) provides some other responses from the region with similar condemnatory and strong tones. The Dominican Finance Minister, for example, called the OECD move as the latest threat to Dominica's economic sovereignty. The tax initiatives were highlighted by Antigua and Barbuda's Solicitor General as an OECD mission to destroy the emerging money markets of the newly developing countries and killing of the Caribbean economic diversification. Moreover, the Prime Minister of St. Kitts and Nevis expressed that the Caribbean impact of the OECD initiative was worse than of 9/11 on the United States.

These responses acquire probably a better academic articulation within the context of what Don Marshall (2009, 219, 221-224) refers to as 'financial globalization'[8] in his attempt to account for the growth and resilience of the Caribbean offshore financial centres (OFCs). Marshall thinks that tax planning is an important cog to the Caribbean region's determined export services strategy and he questions the uncontested assumption (of the OECD) that many of the problems of regulating the international financial system stem from the growth of OFCs.[9] Likewise, William Vlcek

7 Switzerland and Luxembourg were the two OECD member countries who had refused at the outset to comply and cooperate with the OECD project.

8 'Financial globalisation', according to Don Marshall (2009, 223), 'refers to the process through which money, value and credit constitute a capital sphere sufficient to spawn networks and centres offering financial services'.

9 Situating growth of the Caribbean OFCs within the early modern finance, Marshall (2009, 228-229) declares: 'Gambling on a wide variety of uncertainties was part and parcel of early modern finance. While no conceptual distinction existed between gambling and financial practices, as they were both strategies for profiting from an uncertain future, [...]'.

(2009, 267-269) while adopting a 'Caribbean perspective' makes it clear that tax competition is not a global problem rather a problem of the OECD. Vlcek further says that the OECD project was viewed as a campaign by large 'white' states against small 'black' states. Vlcek furthermore invokes the practices of capital flight from the developing nations to the metropolitan countries that have taken place without any talk of harmful practices.

VULNERABILITY OF 'CARIBBEAN RESILIENCE'

The above search for 'Caribbean resilience' triggered by the outcomes of the contestations arising from the services measures of the United States and the OECD has its own merit for an island-studded region at a juncture when the Caribbean is standing at a crossroads with several proverbial socio-historical adversities that were identified in several studies after the 1983 Grenada crisis when the country was invaded by the United States.[10] An often-quoted statement pithily summarizes those identified adversities that are proverbially characterized as 'vulnerabilities' and were publicly proclaimed way back in 1990 by L. Erskine Sandiford, the Prime Minister of Barbados. Sandiford stated:

> Our vulnerability is manifold. Physically, we are subject to hurricanes and earthquakes; economically, to market conditions taken elsewhere; socially, to cultural penetration; and now politically, to the machinations of terrorists, mercenaries, and criminals (Griffith 2003, 5).

For the precise reason, the Caribbean societies have strived to reduce those adversities either by adopting locally built measures or by resisting an outside pressure through innovative ways ever since majority of the island societies were decolonized in the early 1960s. Therefore, the above responses in the form of search for the Caribbean resilience should be delineated within the efforts of the region to reduce its vulnerability while examining them vis-à-vis the services measures of the United States and the OECD.

The situation, however, calls for juxtaposition of the stated resilience search with another serious context of the Caribbean region itself: the

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10 *Vulnerability: Small States in the Global Society* which was a commissioned report of the Commonwealth Consultative Group and in Sheila Harden edited *Small as Dangerous: Micro States in a Macro World* which was a study report of the David Davies Memorial Institute of International Studies were among those important studies. These were published in 1985.

context of 'small open economies' and their development process. What is the nature of this search of resilience, one needs to thus ask, though this search has its own merit and desirability? It could be argued that this search often takes refuse under the proverbial vulnerabilities of the Caribbean but it seems to be marginally appreciating the entire context in which those vulnerabilities were identified and a sound and sustainable development process was visualized for this region; thus exposing the vulnerability of the present search for 'Caribbean resilience'.

Given all the hue and cry regarding the opening opportunities internationally, it must be underlined with foremost importance that the Caribbean national economies face not only the deficit of the advantage of a scale economy due to their small size but are open in nature. Moreover, this openness in turn is caused by the small size, apart from the colonial legacies that they acquired from plantation economy and its transnational network. A Commonwealth Consultative Group had therefore highlighted in its study report:

> A characteristic feature of small economies is their relative openness. Limited domestic markets and extensive exposure to the outside world have encouraged this outward economic orientation. [...] Moreover, because of scale and resource considerations, this greater reliance on international trade is characterised by a tendency in the export sector towards both product and market concentration – a few products going to small number of countries (Commonwealth Secretariat 1985, 17).

The dilemma of the Caribbean, surprisingly, has been such that though its national economies were plantation estates owned and managed by the colonial planters, these small open economies did not face shortage of investment and had 'respectable' level of productivity and thus, in principle, were generating high per capita income.

Despite the presence of some of those conventional parameters of development, the fact is that the Caribbean national economies have remained 'underdeveloped';[11] and this may easily confuse an observer who is not conscious of the specificities of the Caribbean small open economies. The observation made by the Caribbean development expert, William G. Demas (2009, 19) fits into the context 'that per capita G.D.P., or even national income, is not really a good index of the stage of development of a country which exports the product of a resource industry developed

11 In fact, there was a time when a whole school of thought was evolving in the Caribbean and was known as 'the theory of plantation economy' (Payne 1984, 2).

by foreign capital'. Therefore, whether it is the issue of virtual exporting of betting services or of international tax competition, a resilience search is exposed to the very Caribbean vulnerabilities as their growth and sustenance are dependent upon the dominating structure of the foreign capital (Rabidas 2016).

The shrill of resilience, for example, sounds unconventional for Antigua and Barbuda for the precise reason because it shares all the structural features of any other Caribbean island. This twin island has lost its sugar plantation which was the only natural resource it exploited during the chattel slavery. It boasts good number of beaches, but are undeveloped for tourism. Antigua and Barbuda thus has virtually nothing as resource at its disposal. Therefore, this island state is aiming at the cyberspace for its niche product which could help overcome the problem of a scale economy and, alternatively, avail the global scale of internet access. However, it is not to be missed out that the OECD has also listed this country in the 2000 report on the tax controversy.

It is possible to paraphrase the preceding observation by saying that this twin island is searching for its niche by injecting its product within the global value chain of virtual sports and entertainment. It is to be brought within the context, then, that Antigua and Barbuda was also an integral part of the trans-Atlantic value chain of sugar market like other Caribbean societies within the capitalist economy that was made possible by colonialism and chattel slavery. Eric Williams (1964, 85-97), for example, counts the name of Alderman Sir Thomas Beckford, Robert Hibbert, Charles Long (in Jamaica), John Gladstone (in Guyana), Christopher Codrington (in Barbados and Barbuda), and Warner Family (dispersed in Antigua, Dominica, St. Vincent and Trinidad) with ostentatious display of gigantic opulence in the places like London, Bristol and Southampton. Their 'proverbial wealth' was drawn from the Caribbean plantation estates and slave trade. It was the trans-Atlantic value chain only that was created, maintained and dominated by foreign capital of the colonial planters who belonged to somewhere else. Richard S. Dunn (1972, xiii-xv), too, highlighted:

> Once the English colonists in the Caribbean learned how to grow and process sugarcane in the 1640s, they developed a life-style all their own. They turned their small islands into amazingly effective sugar-production machines, manned by armies of black slaves. They became far richer than their cousins in the North American wilderness. They lived fast, spent recklessly, played desperately, and died young.

Thus, the Caribbean was only a site that was exploited to produce opulence for its colonial masters while perpetuating dependence and underdevelopment for the entire region. Again, it is the foreign capital which is dominating Antigua and Barbuda's newfound virtual niche. Moreover, neither the owners nor the clients of this internet-based industry are citizens of this twin island.[12] To be precise, it was Jay Cohen, the owner of a major online gambling company in Antigua and Barbuda and a citizen of the United States, whose imprisonment in his land of citizenship had sparked the first ever WTO dispute involving the internet site.[13] This WTO dispute therefore highlights more the proverbial vulnerabilities and the structural constraints that Antigua and Barbuda shares with its other Caribbean counterparts rather than the outcome of the controversy standing as sign of resilience.

The Caribbean states, meanwhile, responding to the OECD's allegation of 'harmful' tax practices in the region deserves applaud for voicing their concern that ascended from the perception that tax planning is an important cog in their export service strategy (Marshall 2009). It is also relevant to see the tax practices that are carried out in the offshore financial centres (OFCs) as attempt to diversity economic base (James 2002). These could further be read as sites of skills that can possibly render the problem of a scale economy irrelevant (Griffith 2007). No doubt, the OFCs are knowledge-intensive enterprises managed with cutting-edge skills and technologies similar to that of the cyberspace business; and there are increasing recommendations from various circles for these small island economies to acquire those skills and technologies in today's economic circumstances.[14] These financial centres, however, add to the vulnerability of the 'Caribbean resilience' the way these centres are being portrayed as sites of illegality, irregularity and secrecy by the metropolitan powers (read the United States and the OECD) in the context of terrorism and 9/11 (Rabidas 2016). In fact, this portrayal is far from being reversed though the Tax Justice Network (2015) takes the matter of illegality,

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12 In a press release on February 15, 2012, the Government of Antigua and Barbuda (2012), too, talks about the fact that its remote gaming services are catered to the American consumers.

13 However, one should appreciate the 'power of agency' (Lee and Smith 2010, 1100) demonstrated by Antigua and Barbuda given the time-line of the case since its inception in 2003 and the asymmetrical power difference between this small island against the United States (Copper 2009, 208).

14 R. Narayanan (2004), for example, in the context of globalization and Winston Dookeran (2012) in the context of information and communication technologies have talked about the Caribbean significance of services sector and cutting-edge skills, though not directly related to the structure of the OFCs.

irregularity and secrecy critically in its financial secrecy index (FSI) of 2015. For the Tax Justice Network, financial secrecy is not confined to the Caribbean alone; rather it is a global phenomenon. Even the protected and advanced OECD states like the United States, Germany and the United Kingdom rank considerably high in the Network's secrecy index.

Therefore, as Barney Warf has rightly expressed, the topography of regulation and the geography of offshore finance become simultaneously determinant phenomena in the following way:

> Should their [OFCs] laws and regulations offer too much secrecy, the centre [OFC] may suffer as reputations as haven for illegal funds, a force that may discourage legitimate investors (McKee, et al. 2000). Conversely, should the centre prove too transparent to auditors and international watchdogs, even investors with legal assets (e.g. HNWIs)[15] may be frightened off. Thus, offshore banking centres are continually poised at the knife-edge of marginal legitimacy (Warf 2002, 44).

Needless to say that the small size of these island states lend them a special attribute which is often caricatured as 'dangerous' by the metropolitan powers that again is mediated by the big size of these powers and is carried away by inappropriately perceiving the above public proclamation made by L. Erskine Sandiford in 1990. Almost all of the Caribbean islands being acknowledged drug-shipment points between the South and the North of the Southern Hemisphere,[16] the same shipment points being the routes of Caribbean migration in different forms in the Hemisphere (including human trafficking) and the poor patrolling capacity even of the most 'developed' islands provide a caricatured fertile background to the perception that these OFCs as equally dangerous (like the 'fragile' Caribbean islands) and may pose serious threats to the security of the metropolitan powers in their 'homeland' (Rabidas 2014, 50-55). Though the issue concerning illegality, irregularity and secrecy of the Caribbean OFCs is far from settled,[17] the services measures of the United

15 HNWIs refer to high net worth individuals. According to an estimate, Latin America and the Caribbean alone accounts for US$ 0.7 trillion out of the total HNWIs global amount of US$ 9.0 trillions (Murphy 2006; quoted in Palan, et al. 2010, 62).

16 Evelaw Griffith (2000, 11) describes four main drug or drug-related operations in the Caribbean: i) marijuana production; ii) consumption and abuse of marijuana, cocaine and heroin; iii) trafficking of all three substances; and iv) the laundering of money derived from the three other areas.

17 The Government of Antigua and Barbuda (2012; 2013), for example, indicated in the backdrop of the United States' *Internet Gambling Regulation, Consumer Protection and Enforcement Act of 2013* that it is further willing to re-engage at the WTO 'to push the recalcitrant

States and the OECD are redefining these small island societies as ‘system-takers’ through the dominant narratives of ‘tax havens’ and ‘cyberspace morality’.

CONCLUSION: BACK TO BASICS?

The dominant narratives of the metropolitan powers, as this study establishes, put limitations on the search for ‘Caribbean resilience’ through these ‘offshore’ entrepreneurships. What, then, could be the dealing mechanism for these island societies – back to basics? There is no easy reply to it. Resilience seems attractive in all of its manifestations for the Caribbean islands: as an evolving concept and as a tool of analysis; as a development goal and as a policy choice; and as an antidote to their vulnerabilities. Therefore, the spirit of contestation and resistance that this work encapsulates in its ‘Caribbean resilience’ increasingly seeks much of concern for its development implications against the vulnerabilities in the region. But the outcomes of these contestations against the services measures of the United States and the OECD and the manner in which those outcomes are seeing the light are adding to the fragilities of the island economies. The current tone and style of the Caribbean resilience strategy are falling them prey to the dominant metropoles where deceptive indicators of economic development –level of FDI, productivity and the likes– do not allow a proper appreciation of the development problem and the scale of a ‘small open economy’.

However, it is useful to remind that the small size of these open economies and their need to heavily rely on international trade rule out all-embracing restrictions on foreign capital, imports and exports. Yet, ‘[…] acceptance of the fundamental reality of an open economy does not imply acceptance of orthodox financial, commercial, and monetary policies according to the rules of the game laid down by the advanced countries’ (Demas 2009, 131). The Caribbean has to search for its resilience in true meaning within the ‘transformation of production structure’ for self-sustained growth and development as foreseen by the Caribbean development expert, William

American government into compliance’ as the legalization of the online gambling within the United States would bring considerable benefit (read deceptive per capita income) to Antigua and Barbuda. It is noticeable, according to the online information displayed at WTO site, that the WTO, too, has authorized Antigua and Barbuda in January 2013 to retaliate because the United States has not ‘fully implemented’ the recommendations made by the dispute settlement body.

G. Demas (2009), who takes a heuristic queue from Arthur Lewis's (1955) *The Theory of Economic Growth*. Demas (2009, 8) includes seven basic elements in his 'transformation of the structure of production' schema: i) capacity to transform as determined by political and social processes and attitudes; ii) unification of the national market for goods and services; iii) shift of production and of labour as between primary, secondary and tertiary sectors of the economy; iv) development of an increasing degree of interdependence among domestic industries and activities; v) changes in the importance and composition of foreign trade; vi) reduction of dualism in the economy; and vii) development of appropriate institutions.

Likewise, as the proposition continues to be widely echoed, this island-studded region has to effectively integrate its national economies further though the integration will not wither away the external dependence from the Caribbean. This persuasion is in great duress with the current tone of 'Caribbean resilience' which considers imitative technological know-how as its article of faith, seems preoccupied with per capita which is a deceptive standard for Caribbean development and seeks opportunistic support from the regional actors while apparently showing no concern for the regional integration movement despite the fact that legacies of past are omnipresent in the current narrative of resilience. It is of critical significance, therefore, that the Caribbean small open economies take a serious note of the ways of their structural transformation and avoid running selectively behind the artificial criteria to reduce their economic dependence. How far will these small islands continue to be in their gestation period with the tag of 'system-takers' after more than six decades of decolonization that, too, with a fake mark of 'resilience' and lingering legacies of the past?

This island-studded region faces enormous development challenges today. In the light of the evolving concept of resilience, therefore, a 'Caribbean resilience' holds critical significance as an analytical tool that may be further tested with empirical investigations in the Caribbean on the staple issues of tourism-hospitality, migrant remittances etc., for instance, to understand the raison d'être of certain unwanted consequences that seem to be already on their way to increase inequalities and social insecurities in varieties of appearances in these small islands.

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Article Received: 2016. 03. 28.
Revised: 2016. 07. 10.
Accepted: 2016. 07. 10.