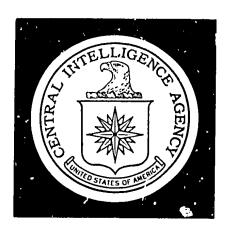
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DIRECTORATE OF INTELLIGENCE

WEEKLY SUMMARY Special Report

Caribbean Integration: Another Try in the Offing?



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CARIBBEAN INTEGRATION: ANOTHER TRY IN THE OFFING?

For the second time in recent years, the Caribbean region may be approaching a crossroad in its history.

Landmark decisions on regional cooperation have been taken in the last two years, including establishment of a Free Trade Area (CARIFTA) and the inauguration of a Caribbean Development Bank. These initial steps could easily open the door to wider economic and political cooperation. Some of the Caribbean members probably see the establishment of CARIFTA and the strengthening of ties as the first moves toward formation of a federation similar to the West Indies Federation that existed from 1958 to 1962. Within the last few months leaders of some of the smaller states have publicly voiced the need for another attempt at partial political federation.

Any such attempt, however, would take place in the shadow of the failure of the earlier effort. The West Indies Federation was an ambitious political and economic union that eventually satisfied none of its members and split apart after four years of bickering, misunderstanding, and unfulfilled expectations. In addition, the area must contend with trends toward fragmentation. This tendency is exemplified by the case of Anguilla, which declared its independence from St. Kitts in 1967 and still exists in a twilight zone of unconstitutionality.

In any event, further change is certain. The UK is eager to shed its responsibilities in the area and will look with favor on regional efforts to integrate. Several of the states are moving toward independence, and even the smaller "associated states" have begun to voice dissatisfaction with their indeterminate constitutional status. Thus, the success or failure of current cooperative ventures will have a marked influence on the development of the region as a whole.

ROOTS OF DIVERSITY

Geographical, political, and socological factors have combined to keep the Caribbean* fragmented. The physical expanse alone, more than 225,000 square miles, is enough to foster insularity among the far-flung islands. Jamaica,

the largest of the former British possessions, is separated from the main chain of the Leeward-Windward Isles by 1,100 miles of water and the land bodies of Hispaniola and Puerto Rico.

The British, the dominant colonial power in the Caribbean, initially did little to encourage

Special Report

- 1 -

^{*}In its widest geographical interpretaion, the Caribbean refers to all land areas associated with the Caribbean Sea that are not part of the mainland of the two American continents. For purposes of this report, however, the term will generally be used to refer to British and former British possessions in the traditional West Indies.

HIGHLIGHTS OF ACTUAL AND PROPOSED FEDERATIONS IN THE BRITISH WEST INDIES $1867 \cdot 1962$

DATE	EVENT		
1867	With federation of Canada, Colonial Office policy was oriented toward federation throughout Empire.		
1871	Leeward Islands Federation: Antigua, Dominica, St. Kitts - Nevis - Anguilla, Monserrat, British Virgin Islands. Lasted until 1956.		
1876	Riots protesting Barbados Federation.		
1882	Union of St. Kitts · Nevis adopted by Leeward Islands Legislature.		
1884	Royal Commission advocates separation of Barbados from Windwards and addition c_ℓ Dominica. Dominica not added until 1939.		
1888	Tobago and Trinidad federalized (merged in 1899).		
1922 .	Proposal of common governor for Trinidad and Windwards opposed by Trinidad Chamber of Commerce.		
1932	Closer Union Commission report advocates eventual federation of Leewards, Windwards, Trinidad-Tobago.		
1944	Conference of Associated Chambers of Commerce, meeting at Barbados, endorses economic federation.		
1945	Secretary of Sinte for the Colonies suggests debate in all British Caribbean legislatures for purpose of calling conference to discuss federation. Caribbean Labor Congress, meeting at Barbados, endorses proposal.		
1947	Montego Bay Conference attended by representatives of all British Caribbeau possessions except Rahamas. Delegates favor federation; authorize establishment of a Standing Closer Association Committee (SCAC) to prepare draft constitution.		
1948-1949	SCAC meets and prepares constitutional recommendations.		
1950	Publication of SCAC report.		
1951-1952	Colonial legislatures debate SCAC report, British Honduras and Guiana decide not to participate in federation,		
1953	First London Conference. Freedom of movement and continuation of British aid are paramount issues.		
1955	Conference on Freedom of Movement at Trinidad successful.		
1956	Second London Conference. Standing Federation Committee set up to prepare for federation.		
1957	Standing Federation Committee selects Port of Spain as site for federal capital.		
1958	Governor-General arrives at Trinidad; first federal legislature is elected.		
1961	Jamaica - Gidraws from federation.		
1962	Trinidad Tobago withdraws from federation, British formally dissolve West Indies Federation,		

Special Report

-2-

cooperation among the islanders. They established a mercantile system under which the islands traded primarily with England and almost not at all among themselves, and this fostered competition rather than cooperation. The islands were essentially producing the same products for the same market. On the administrative level, the British ruled through a separate governor for each island. In general, they sought to keep the problems of one island from spilling over to another.

Racially the Caribbean presents a mix. Negroes, Bushnegroes, mulattoes, East Indians of several types, and European whites populate the islands in widely varying percentages. In most areas, the Negro or mixed Negro group now dominates the political scene, although various racial minority groups still hold a disproportionate share of the economic wealth and occupy the top rung of the social ladder. In addition, geographical isolation has produced local differences among the islands in speech, outlook, and custom.

In an attempt to cope with their far-flung and diverse colonial empire, the British did take some steps toward developing a federal framework in the late 19th century, but these were largely ineffective. In 1871 the British Parliament declared the Leeward Islands a federal colony, but the move created dissatisfaction among the islands and never progressed much beyond a paper entity. In 1876, an attempt was made to combine Barbados with the Windward Island chain, but this unpopular effort sparked widespread and serious rioting and was soon abandoned. In large measure, the Caribbean status quo-a geographical entity with little political, economic, or social cohesion-continued until after World War II.

FEDERATION EFFORTS

In the last two decades, the British have adopted a policy of pragmatic decolonization in

the Caribbean designed to promote a federalist concept and to facilitate UK withdrawal from former territorial possessions there.

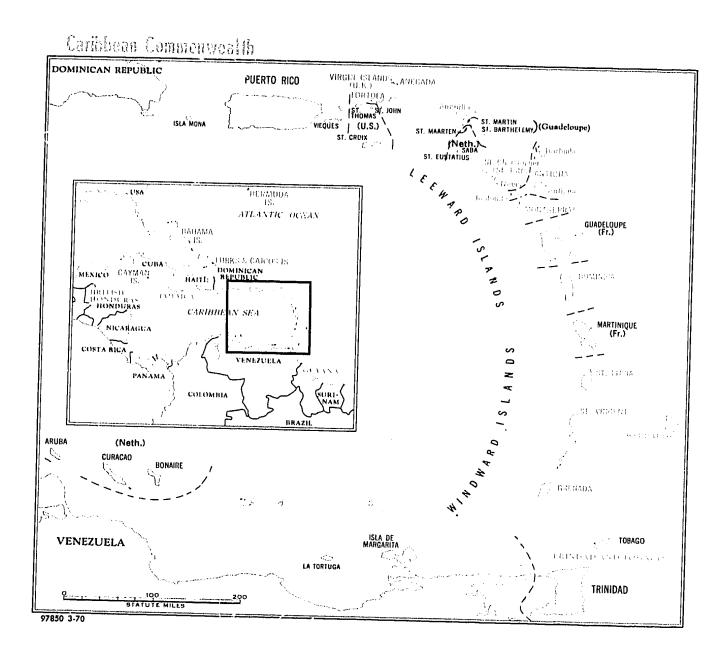
In 1947 a conference in Jamaica laid the foundation for the federation venture a decade later by establishing both constitutional and regional economic committees. Following further conferences and negotiations, the West Indies Federation (WIF) finally came into being in 1958. At its founding it included Jamaica, Trinidad-Tobago, Barbados, St. Kitts - Nevis - Anguilla, Antigua, Montserrat, Dominica, St. Lucia, St. Vincent, and Grenada. The Turks and Caicos Islands and the Cayman Islands were dependent territories in the federation but were not represented in the legislature.

The WIF survived formally for four years, but the major problems impeding its functioning were obvious from the outset. There were deep differences of opinion as to what sort of structure it should have, and the union amounted to a political federation without independent sources of revenue and with no major departments of government as a responsibility. It existed without a customs union and without the right of freedom of movement of its citizens. Its effective death knell was signaled in 1961 when Jamaica, the largest and most populous member, withdrew to seek unilateral independence. Trinidad followed this lead a year later, and the British dissolved the federation in 1962.

Jamaica's withdrawal was in part prompted by internal political maneuvering, but even without domestic political considerations the federalist concept probably would not have survived. The larger states believed they were being called upon to contribute a disproportionate share to the venture. They were reluctant to grant authority to the central legislature and feared that their more developed economies would be drained by the needs of the smaller islands. The smaller and

Special Report

- 3 -



Special Report

-4-

poorer islands gave the greatest amount of support to the federation but at the same time moved toward greater local autonomy. This action was in turn attacked by the larger states as costly administrative duplication. To some extent, similar apprehensions and doubts exist today.

THE CARIBBEAN TODAY

Federation efforts have left few constructive remains. The most important remnant is the University of the West Indies (UWI). This oldest of

RANGE OF OPINION ON FEDERATION

"Whether federation is more costly or less costly, whether federation is more efficient or less efficient, federation is inescapable if the British Caribbean Territories are to cease to parade themselves to the twentieth century as eighteenth century anachronisms,"

Prime Minister Eric Williams of Trinidad

"I think, regrettably, that in the next five to ten years the West Indies will not yet have learned that a political federation is the only salvation of the West Indies. It was only sheer necessity that forced economic integration."

> Sir Grant'ey Adams, elder leader of the opposition in Barbados and former premier of the unsuccessful West Indies Federation (1958-62)

"Sentiment no longer has any meaning here. Our basic approach on integration will be, 'I am in it only if it suits and will benefit our country...every man for himself and let the devil take the hindmost.'"

Premier Bradshaw of the Associated State of St. Kitts - Nevis - Anguilla the common institutions received a new lease on life last year when the heads of government of the Caribbean Commonwealth, amidst rumors that one or more countries would withdraw to found their own national universities, voted to maintain the school's regional character for at least nine years after its present charter expires in 1972. In addition to the UWI, other vestiges of the federation are a shipping service owned and subsidized by all the Commonwealth members except Guyana, interchangeable currencies, and a common West Indies cricket team.

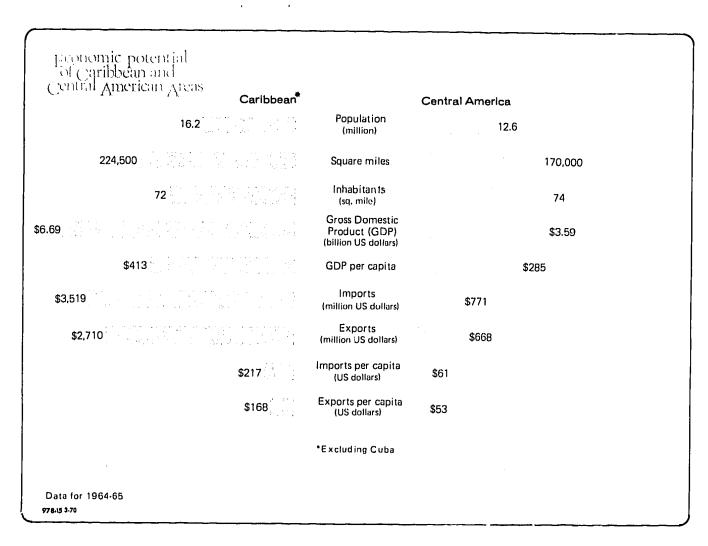
The Associated States and some of the independents as well have left the constitutional door open to future political unions. The constitutions of the Associated States (they are associated with the UK, not with one another) make it easier to move toward federation than toward independence. Barbados' constitution also permits union with other countries by a simple legislative majority.

Since the breakup of the union, however, political integration has made little headway, despite some economic advances. During 1962-65 the eight smaller territories discussed organizing a small federation, but the scheme was eventually shelved as a result of stresses and strains similar to those that afflicted the larger union. Grenada's sometimes-voiced intent to seek unitary statemod with Trinidad also made little progress. Individual political development has occurred, however, and change has been the watchword of the last decade. The former British colonial wards are now a hodgepodge of independent countries, associated states, crown colonies, and territories.

Jamaica, Trinidad-Tobago, and Barbados are independent members of the British Commonwealth and members of the Organization of American States. Guyana, a geographical entity of the South American mainland but still primarily

Special Report

- 5 -



involved in the Caribbean, is a republic and a member of the Commonwealth. Associated statehood, a novel form of semi-independence, has been conferred upon the triune state of St. Kitts-Nevis - Anguilla as well as upon Antigua, Dominica, St. Lucia, and Grenada. In October 1969, St. Vincent emerged from colonial status to join the ranks of the associated states. The Bahama Islands have a form of internal self-government similar to that of associated statehood. Montserrat, the Turks and Caicos Islands, the

Cayman Islands, and the British Virgin Islands remain colonies. No immediate change in the status of any except possibly Montserrat is likely. British Honduras, a Central American appendage somewhat outside the pale of the British Caribbean and occupied with its own special problems, is still a colony but is fast approaching independence. These changes and prospective changes, combined with the enthusiasm generated by the establishment of new economic institutions, have helped to revive talk of a political merger.

Special Report

- 6 -

13 March 1970

SECRET

SECRET

25X1

EMERGENCE OF REGIONAL ECONOMIC INSTITUTIONS

On the positive side of the integration ledger, the Caribbean countries have taken major steps forward in economic cooperation in recent years. The formation of the Regional Development Agency in 1968, the Caribbean Free Trade Area (CARIFTA) in the same year, and the inauguration of the Caribbean Development Bank (CDB) in January represent definite advances. Significantly, the impetus for these moves came in substantial measure from the states themselves as opposed to the unsuccessful 1958-62 Federation, which was largely a case of reluctant accession to determined British diplomatic prodding.

Economically the total Caribbean area presents a potential that in some respects compares favorably with that of the Central American region, which has experienced the most successful economic integration in recent years. The various economies of the present CARIFTA countries are quite small and still competitive in many respects, however, and they stand to gain less from integration than have the Central American republics. In addition, the possible inclusion of such areas as the Dominican Republic and Haiti in CARIFTA are still proposals and probably years from fruition. That the new cooperative economic efforts under way have given the cause of integration a transfusion cannot be denied, but their success, on which hinge further area-wide efforts, is hardly ensured. Some difficult problems are already aris-

CARIFTA is the oldest of the regional economic institutions, dating from an initial three-member union formed in 1965 that blossomed into the current eleven-member participating group in the summer of 1968. The economic bloc represents a free-trade area, although a number of

products are on a reserved list and will not be freed of tariff restraints by the larger countries until 1973 or by the smaller members until 1978. The market has yet to amount to very much substantively, however, although talks and studies have proceeded apace on further steps such as the imposition of a common external tariff and allocation of monopoly industries with rights to the entire market.

Jamaica, for instance, in the first full year of CARIFTA membership in 1969 has seemingly fared well, with exports to the area up 63 percent as compared with a 10.9-percent decline in 1968 and imports up 45 percent as compared with a 1.7-percent increase the year before. Jamaica's CARIFTA trade, however, still only amounts to an insignificant 2.8 percent of total exports and 1.4 percent of total imports This highlights a CARIFTA-wide difficulty—namely, that the countries are not producing many products for sale to one another.

In addition, Jamaica's increased imports were principally from another of the larger islands, Trinidad. A good part of Jamaica's exports. on the other hand, were shipped to the smaller islands that have nothing to sell to Jamaica. The trend, if continued, is likely to substantiate the fear of the smaller states that CARIFTA was not designed to benefit them. Even the larger islands, which seem likely to gain the most from the CARIFTA arrangement, are still in the honeymoon period of economic cooperation when the easy gains of integration are most apparent. They have yet to face knotty problems such as the complete removal of tariffs or the possible establishment of a common external tariff, a necessary next step if the arrangement is to progress to a customs union and to an eventual common mar-

Special Report

-7-

Partly to protect their own interests, the small islands have formed their own subregional Eastern Caribbean Common Market (ECCM) within CARIFTA. The ECCM's functions are not entirely clear. Not only does it offer long-term complications to the functioning of CARIFTA, but it also presents only a very limited economic potential. It could serve a useful purpose, however, if it facilitated cooperation and understanding among the traditionally rivalry ridden eastern Caribbean states.

OTHER INSTITUTIONS

The Regional Development Agency (RDA), like the ECCM, was also set up in 1968 to cater to the needs of Barbados and the smaller states. The RDA, established to provide an integrated approach to economic development, ostensibly filled an organizational void. Its performance to date, however, has been lackluster owing to a variety of problems. Expectations may have been too high because of the unrealistic anticipation that the US and the UK would use the organization for funneling a greatly increased flow of aid funds and technical expertise. A lack of technical personnel to staff the organization and poor coordination among the several states have also hindered its efforts. A \$240,000 grant from the UK has not been utilized because of lack of agreement on a specific project. More to the point, in February of this year the executive secretary of the RDA, charging that there had been a complete absence of enthusiasm and support on the part of the member governments, recommended either strengthening or abolishing the institution. The representatives of the member states at the meeting believed that the agency should be preserved, but no concrete steps have been taken to ensure its survival as a meaningful body.

Prospects for economic cooperation have been enhanced by the recent inauguration of the

Caribbean Development Bank (CDB). The very existence of this bank, following Jamaica's initial reluctance to participate and after a year-long wrangle over its site, represents a significant stride forward.

That the Caribbean area had been one of the few developing regions without easy access to lending institutions was due in part to the dependent status of many of the islands. The new bank will have a \$50-million initial capitalization divided in a 60:40 ratio between regional borrowing members and the UK and Canada. The availability of previously scarce loan funds should provide added impetus to integration efforts, at least initially. The smaller countries have viewed the bank as an institution primarily designed to help them achieve self sufficiency, and once again they have high hopes. If the bank does not live up to their expectations, the members will increasingly seek bilateral rather than multilateral avenues of assistance.

Several other regional institutions are shared by the smaller states. In addition to the RDA, ECCM, CDB, and CARIFTA, the six West Indies Associated States (WIAS) territories participate in an informal Council of Ministers of the WIAS, share a common juridical institution in the WIAS Supreme Court, and use a common currency issued by the East Caribbean Currency Authority. Because these countries also have generally weak economies with little prospect of improvement, they probably offer the most favorable climate for federation. Yet at the same time, these tiny islands manifest many of the traits that impede substantial progress toward integration.

IMPEDIMENTS

The extreme view has sometimes been expressed that without a federated Caribbean, a Balkanization of the area might take place. This fear, voiced at the time of the breakup of the

Special Report

- 8 -



ORGANIZATION	Regional Institutions in the	MEMBERS -
University of West Indies (UWI)	1947	
West Indies Federation (WIF)	1958:dissolved in 1962	
West Indies Associated States Su	preme Court 1967	
Caribbean Free Trade Area (CAF	RIFTA)* 1968	
Eastern Caribbean Common Marl		
Regional Development Agency (I	•	
Caribbean Development Bank (C		
*British Honduras has signified her i	ntention to join.	
	itatives to the organization's meetings. gional member, contributing to equity base.	
US has indicated intent to loan fu		

West Indies Federation, has not been realized, nor is Balkanization a likely prospect for the region as a whole. The leaders of the prospective nations, however, have allowed personal rivalries and political immaturity to block integration efforts and, at least in one instance, to lead to de facto political fragmentation. The British, although still responsible for the defense and external affairs of the associated and other semi-independent states, have been reluctant to intercede forcefully. The Caribbean states, for their part, have backed off from grappling with thorny political problems on a regional basis.

Events such as the drawn-out Anguillan crisis raise the prospect of endemic, if sporadic, instability in the islands, and serve to dampen prospects for cooperation and integration. The Anguillans, some 6,000 strong and representing a third of the state of St. Kitts - Nevis - Anguilla, seceded from what they believed was an arbitrary, overbearing, and unresponsive central administration in St. Kitts in May 1967. The British temporarily stabilized the situation by dispatching a frigate in August, but matters were pretty much allowed to drift until 1969. At that time island leader Ronald Webster threatened to declare total independence and to expel British officials. In

response, the British launched a well-publicized and somewhat comic "mini-invasion" to re-establish control.

Attempts by the British to promote a Caribbean consensus on whatever action would prove necessary were unsuccessful. Jamaica announced it would under no conditions ever participate in a peace-keeping operation in the Caribbean. Eventually, both Jamaica and Trinidad publicly denounced Britain's use of force. The states were unable to reach an accord even when it was to their mutual advantage to guarantee jointly a constitutional solution to protect the region's vaunted reputation for stability—upon which a good part of the important tourist dollar depends. Meanwhile, Anguilla continues in an undefined constitutional status.

Although no domino theory of instability holds true for the Caribbean, certainly other areas such as Barbuda and Nevis, which are constitutionally linked to Antigua and St. Kitts, respectively, will watch the resolution of the Anguillan problem with great interest. As recently as January of this year, the 1,000 residents of Berbuda again petitioned the Queen for independence.

Special Report

-9-

Such rivalries are only one facet of the problems faced by these small islands. A lack of political sophistication on the part of some leaders combined with the common, small-state problem of inadequate security forces poses the continuing threat of disturbances similar to those that affected Antigua in 1968 and caused the dispatch of British forces to the area. Such outbreaks, although not likely to result in widespread death or destruction, will nonetheless chill prospects for cooperation.

Truculence and immaturity are not the exclusive possessions of the small islanders. It was largely a matter of obdurate pride that delayed the opening of the Caribbean Development Bank for a year, with Jamaica insisting upon Kingston as the only logical site. Similarly, it was Jamaica's reluctance to join CARIFTA that threatened the economic viability of that fledgling institution. Jamaica's final decision to participate in the two institutions has had a salutary effect on prospects for future efforts but Kingston remains lukewarm at best to further schemes.

Nationalism may also prove to be an impediment to integration plans. As is the case in the rest of Latin America, a sense of nationalism is unmistakably on the rise in the Caribbean. The new trend is most apparent in government attitudes toward the foreign community. The administrations in the Bahamas, Jamaica, and Barbados are in the process or levying new demands for increased benefits from and greater control over foreign investments. Another manifestation is the black nationalism facet of black power, a wideranging if somewhat imprecise philosophy that has attracted adherents throughout the Caribhean. These initial indications are probably precursors of a generally more nationalistic stance on the part of individual governments and of a correspondingly greater reluctance to delegate authority to a multinational body.

RECENT TRENDS

On the positive side, informal consultations between the nations on practical issues are on the rise. Last summer, for example, ministers of home affairs as well as police representatives from Guyuna, Trinidad, Barbados, and Jamaica met to initiate discussions and coordination on security matters. Although such efforts are promising, they are, a far cry from dealing on a regional basis with the obvious need for an area police force to ensure order on the smaller islands, where overburdened and undertrained forces would be no match for prolonged disorders.

The summer and fall of 1969 witnessed the most recent flurry of prointegration statements, concurrent with press rumors of a proposed political federation of the West Indies Associated States. At the same time, Prime Minister Eric Williams of Trinidad-Tobago offered to federate with any or all of the associated states. Guyana was also spoken of as a prospective participant.

Premier John Compton of St. Lucia assumed the lead in initiating discussions among the several premiers, but, despite the widespread rumors, little progress was made. The premiers differed over whether the federation would include all or part of the WIAS, or whether the move would be tied to an attempt to federate a larger area, including Guyana and Trinidad. Coupled with a lukewarm response from representatives of Antigua and St. Kitts, both preoccupied with internal political troubles, these problems scuttled the talks.

It is generally accepted that a widespread sentiment for another try at a political merger still exists. The depth of commitment of the member states to such a goal in the near term, however, is called into question by the quick waning of last summer's effort. Trinidad has consistently struck the strongest integrationist pose,

Special Report

- 10 -

and Prime Minister Williams in the past has been one of the most ardent proponents of regionalism as an inevitable solution to the problems of the West Indies. Williams, among others, envisions an eventually united Caribbean that would include all of the area's countries. His recent initiatives calling for the reintegration of Cuba into the hemisphere, as well as the promotion of closer cooperation with the Dominican Republic, are a part of that perspective. From both a practical and philosophic point of view, he believes such cooperation is inevitable in the long run.

Williams' recent offers of partial political federation were not clearly spelled out, however, and may have hinged on substantial funding and support from outside sources such as the US and UK. In recent conversations with US officials, Williams has indicated his dismay with political events in the Caribbean, citing "irrationality in Jamaica, madness in Antigua, and danger in St. Kitts." He proposed to keep Trinidad "out of the mess." Although Trinidad-Tobago is not likely to shift its public posture tavoring integration, Williams does not appear as likely to foster any new movement on his own. New outbreaks of hostility on the islands would further reinforce this hesitancy.

In Guyana, Minister of State Ramphal has been a leading advocate of integration, and discussion of a partial Guyanese - West Indian bloc has cropped up several times in recent years. The political motivation for such, an initiative may have been greater a few years ago, however. At that time Negro Premier Burnham appeared in greater need of additional votes from the black-populated islands in order to reinforce his electoral cushion over the large East Indian population led by pro-Communist Cheddi Jagan. Guyana, whose efforts were largely responsible for the birth of CARIFTA, will probably persist in fostering integration. At present, however, Burnham's

position is more secure, and the administration is preoccopied with border disputes with its neighbors.

Barbados, under Prime Minister Barrow, has remained generally aloof from integration proposals, and that country probably will not assume a leading role. Barbados opposed the prospective merger between the smaller states and Trinidad in 1962. It is disappointed with its present role in the Regional Development Agency, and could withdraw from that organization in the future. Other dependent territories, such as the Bahamas and Bermuda continue to be oriented away from the Cariobean and seem even less likely to be interested in integration proposals.

Finally, Jamaica apparently will continue its historically laggard role with regard to integration. The Shearer administration maintains a strong suspicion of any further cooperative schemes. The prospective benefits from CARIFTA, which are in themselves uncertain, are likely in any event to be a marginal consideration not capable of overcoming Jamaica's traditional reluctance. This effectively rules out the prospect for any near-term attempt at federation on a scale as grand as that of the defunct West Indies Federation.

CONCLUSIONS

A persistent but somewhat hazy commitment to political integration over the long-term still exists in the Caribbean. In practical terms, however, the nascent economic base for such a move at this point is not a compelling argument for the majority. The future of intraregional economic cooperation is fraught with nettlesome problems and could be disappointing.

The best prospects for near-term integration rest with the Associated States. They cannot

Special Report

- 11 -

SECRET

25X1

realistically assume that Britain will supply economic support indefinitely. The prospective lure of funds from lending institutions, which would be more readily available to a federated area, could be another inducement. The possibility of some change is enhanced by the associated states' present constitutional status, which reflects residual British interest in federation and is more an interim attempt to fill the void left by the demiss of the old federation than a lasting solution. Further, the prospective British entry into the European Economic Community could mean the loss of the preferential trade system for the Commonwealth members and signal a gradual diminution of British budgetary support.

These inducements could be sufficient to promote an integration effort that could conceivably include Trinidad or, less probably, Guyana. A necessary requirement for success, however, would be that the island leaders rise above their

petty jealousies and political rivalries, something they have been unable to do in the past. This would require a substantial political sacrifice from people such as Premier Eric Gairy of Grenada, however, who operates from a localized, well-known aphorism: "What is good for Gairy is good for Grenada." The national leaders, despite lip service to the idea, still appear several steps, and possibly several years, away from the nuts-and-bolts decisions that would be prerequisites for integration.

It may be that a major integration effort will have to await new leaders or the injection of another factor into the equation. The UK has been reluctant to cut the remnants of its empire adrift before they attain at least a measure of political and economic maturity. The British may therefore be resigned, if not content, to maintain present arrangements for a few more years.

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Special Report

-12-