The Bahamas: A Different Historical Experience From the Rest of CARICOM

Taimoon Stewart

The Bahamas is unlike other CARICOM countries. While other CARICOM countries had relatively stable plantation economies, the history of the Bahamas is one of boom and bust, capitalising on whatever opportunity presented itself, whether legal or illegal, safe or dangerous. Even today, its economy is very fragile and opportunistic.

The early history is one of piracy, buccaneering and salvaging from shipwrecks. Indeed, the inhabitants were reputed to have lured ships onto the reefs so that they could claim the booty. While the salt and sponge industries provided periods of stable, steady if not generous income, it was the period of blockade-running during the American Civil war (1861-1865) that led to floods of money entering the country: supplying arms, gun powder, boots and all kinds of contrabands, and collecting cotton from Southern States to re-export to Britain.

After a long spell of poverty after the Civil War ended, another boom was experienced with the boot-legging period from 1920-1933, as Bahamians supplied alcohol to liquor thirsty Americans during the Prohibition period. The nearness to the American coast and the sea-faring history of the Bahamas made it a natural base for smuggling liquor into the US. Again, money flooded the Bahamas, though it remained largely in the hands of a few powerful families. In the 1920s, the Bahamas experienced a spill over of the real estate development boom in South Florida as rich Americans began to buy up land and build winter homes in Nassau that were easily reached in a few hours.

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2 In 1919, the Volstead Act was passed prohibiting the manufacture, import or sale of alcohol in the United States.
A few families historically controlled the Colonial Legislature and were prominent among the Bahamian merchant class in the days of Bootlegging in the 1920s. Interestingly, it was precisely the stringent laws governing the investment of foreign capital that provided the opportunity for the local white community to respond to the lucrative business of smuggling liquor into the United States. According to Crayton, "... one of the least happy aspects of the prohibition boom was that it produced an even deeper separation between the 'haves' and 'have-nots.'" Among this Bahamian merchant class were the following prominent families that still largely control the local economy: Bethell, Christie, Collins, Kelly, Sands, and Symonette. The Bahamian blacks, disenfranchised and poor, did not benefit from a trickle down of the wealth.

Once the Prohibition period ended, the Bahamians once again faced starvation. What rescued the Bahamas was foreign direct investment by a few very wealthy North Americans. Harold Christie, a wealthy white Bahamian (a product of the bootlegging period) succeeded in attracting Harry Oaks, a multi-millionaire Canadian. Oaks bought more than 7,000 acres of land in New Providence, built a golf course, paved the first aerodrome in the Bahamas and purchased and renovated the largest and oldest hotel in Nassau. During the 2nd World War, two new airports were built by the Americans, and this opened up the tourist market dramatically. In 1955, the Canadian brewery magnate, E.P. Taylor, bought land at the Western end of New Providence and during the 1960s, developed Lyford Cay, a multi-million dollar exclusive residential area.

The influx of tourists led to another lucrative industry: offshore banking. As businesses became aware of the tax haven in the Bahamas, they began to bring their Euro dollar investments, purely paperwork, through the Bahamas to evade taxes in their home countries.

The Creation of Freeport

The most amazing of all the projects entered into in 1955 was the development of Freeport. The project was initiated by Wallace Groves, a U.S. citizen, who visited Grand Bahama in 1946, and conceived of the idea of developing a free port and industrial centre out of the mangrove swamp around Hawksbill Creek. Prior to the first Agreement, Grand Bahama was little more than a pine barren with less than 5,000 inhabitants. Groves bought the Abaco Lumber Company's Grand Bahama branch for his wife, and thus established himself in the economy.

By the Hawksbill Creek Agreement of 1955, the Bahamian Government granted Grove's newly constituted company, the Grand Bahama Port Authority, 50,000 acres of land, including the sea bed where the port project was to be carried out, at a price of £1 per acre. In addition

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to this, Groves purchased 80 acres from private owners and had an option to purchase a further 1,420 acres. (By 1960 the Port Authority had acquired a total of 138,296.19 acres from the Crown). In return, the Grand Bahama Port Authority would undertake to dredge and construct a deep-water harbour and turning basin at Hawksbill Creek as a precursor to setting up an industrial estate. In addition to the grant of land at a nominal cost, the Port Authority was given for 30 years (1955-1985) concessions involving no real property taxes; no personal property taxes; no taxes of any kind on the earnings of the Port Authority or its licenses either in Freeport or outside the Bahama Islands; for 99 years (to 2054), no excise taxes of any kind; no export taxes; no stamp or other taxes or levies. The government also undertook to permit, for 99 years, the importation into Freeport, free from all customs duties and emergency taxes or other duties and taxes, basically all imports except for personal consumption (the Agreement provides a detailed list).

According to the Report of the Royal Commission,

...the terms and conditions of the first Agreement show plainly that the whole of Freeport was to be the private property of the Port Authority in whom was vested the supreme right to its administration and control. To the Government was accorded administrative authority for certain limited purposes. But, even so, the Port Authority was obligated to reimburse the full cost to the Government and to provide, free of charge, both living and office accommodation for such officers and employees as the Government should assign to Freeport therefore. This suggests that the Government was in effect providing a service for and on behalf and at the expense of the Port Authority rather than exercising what essentially was a government function. Hence the limited authority of the Government to intervene, apart from those specified, “for such other purposes (only) as may be mutually agreed upon from time to time between the Government and the Port Authority”: see clause 1(5)(c). Moreover, the Port and all charges for its use, the provision of all educational and medical services and facilities, the operation of wireless telegraph and wireless telephone systems, the supply of electricity and all other public utilities and services and the performance of all aviation activities were all expressly made the exclusive responsibility of the Port Authority. And no one was to be permitted any say as to whom it should award licences, or on what terms and conditions, to carry on business or other undertakings in Freeport. (Report of Royal Commission, 1970:16).

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5 Ibid.: 12-16.
In 1959, a British family and an American banker injected capital into the Port Authority and acquired 25 percent of the total shareholdings each, leaving the Authority with 50 percent. The Agreement was amended in 1960 to allow Groves to provide amenities that would attract to Freeport executive and technically skilled personnel, as well as tourists and settlers: resort hotel, the layout of residential and shopping areas, golf courses and appropriate church, school, health and amusement facilities (Report of the Royal Commission, 1970:7).

In 1961, Groves teamed up with a Canadian, Chesler, who had a majority holding in a development company in Florida, and who, according to the report, was a compulsive gambler.

The Grand Bahama Development Company Limited (Devco) was created, with 50 percent shares going to the Port Authority and the other fifty to Chesler and companies in which he had a majority shareholding. In return for the shares, the Port Authority provided 102,000 acres of land for tourist and residential development. By 1964, the Lucayan Beach Hotel and the Monte Carlo Casino were opened. Subsidies were provided by Devco Ltd. (out of the profits paid to it by the Bahamas Amusements Limited set up to manage the Casino) to hoteliers to build in Freeport, to Bahamas Airways Ltd. to encourage adding flights from South Florida to Freeport, to cruise ships to encourage them to include Freeport in their itineraries; investments were made in advertising, golf courses were assisted and golf tournaments promoted. An International Bazaar with some 60 shops, restaurants and other businesses was built on 10 acres of barren waste (ibid.:25). By 1970, there were 17 hotels operating, offering some 3,750 rooms. The Hotels Encouragement Act of 1966 provided for refund of customs duties paid in respect of all materials, equipment and furnishings required to complete the hotel.

Development of Freeport was not haphazard. Cornell University was engaged in 1960 to do an economic, geological and hydrological survey of Freeport and the study became the master plan for the progressive development of Freeport. Further, a leading firm of United States community planners was hired to plan the development. Marketing was done by two foreign real estate companies, one registered in the Bahamas and responsible for marketing in the whole world except the U.S., and the other registered in the U.S. and responsible for the U.S. marketing. Not less than 99 percent of buyers were foreigners whose interests were leisure, gambling, golf and retirement. Many were holiday or winter homes for the rich. Most of those engaged in the construction industry servicing this boom were non-Bahamian. In 1968, 83 construction undertakings held licences from the Port Authority of which only 15 were Bahamian. Indeed, by 1970, Freeport had become predominantly non-Bahamian. According to the Report, "In a democratic society, no Government could view this without apprehension" (ibid.:31). [emphasis mine]

The Port Authority required that anyone who wished to engage in business in Freeport must obtain a licence from that Authority. It restricted the grant of licences to the needs for that service in the community, and required a minimum investment of $50,000. Stringent checks were made into the backgrounds of the applicants. A yearly fee was payable.
Businesses in Freeport were therefore protected from inordinate competition. Prior to 1968, 1,902 licences were granted, of which 506 were cancelled and of the 1,396 left, only 155 were held by Bahamians (*ibid.*:33).

Business activities in Freeport included a cement plant, a pharmaceutical company, an oil refinery, a Bunker company to fuel ships and a host of retail and service industries to supply the tourist and expatriate population. Initially, the Port Authority had difficulty in attracting people. By the 1960s however, there was an explosion in population level in Freeport, as workers were recruited from Jamaica, Turks and Caicos Islands, Barbados, Trinidad and Tobago and Guyana, and expatriates came seeking opportunities for entrepreneurial activities or to use Freeport as a winter home. Because of the rapid expansion of the population with the introduction of hotels and entertainment industries, the Port Authority initiated negotiations with the Government in 1964 to amend the agreement, allowing the government to take over some of the essential services required. As such, by the 1966 Amendment, arrangements were made for the Port Authority to provide infrastructure for services (schools, medical clinic, accommodation for officers and employees of the government, water and low cost housing). Thereafter, the government took over the responsibility of managing and up-keeping the services. By the mid-1960s, some 50 per cent of the population was Bahamian.

**Impasse with Government and Fall-out**

The impasse between the newly elected Pindling government (1968) and the licensees operating in Freeport is instructive, as illustrative of how sacrosanct the Agreement is considered, and how difficult it would be to effect change or to be seen to be in anyway in breach of the Agreement. In 1969, the Government was approached by Groves for permission to amalgamate the Port Authority with Benguet Consolidated Ins., a company that traded stock both in the Philippines and New York. As a condition of this transfer, the government required a tightening of immigration security by bringing Freeport in line with the rest of the Bahamas in respect of work permits for expatriate workers. A bitter struggle ensued, with ultimately a notice of legal action against the government initiated by the licensees. Arbitration was pre-empted when the government used its legislative power to enact a law requiring work permits for foreigners wanting to work in Freeport, and administered by the Government and not the Port Authority. There was further resentment at this use of the government's legislative power.

From the early 1970s, there was an exodus of capital from Freeport with the imposition of duties on consumerables. Investors felt that they had been treated unfairly, and that the government had changed the Agreement. Of a population of 60,000, some 15,000 left to find jobs and opportunities elsewhere, but they were the capital holders and skilled people. There was a severe brain drain. The economy virtually came to a stand still. By 1975, the new managers of the GBPA realised that there was no point in keeping bad relations with the government and began moving towards co-operation.
The vacuum created provided opportunities for Bahamians who brought properties from departing expatriates, and developed businesses, though at the lower end of the scale. The problem did not end there, however. In 1983 the government passed the Immovable Property Act, the intent of which was to stop non-Bahamians from purchasing land. This brought a standstill in the sale of land. This, together with exchange control regulations, restrictive Foreign Direct Investment rules, and government’s control of licenses, proved to be serious disincentives to investors. Licenses approval, and in many cases, responses were not given in a timely manner on work permits and renewals. People continued to leave.

In the early 1990s, in a collaborative exercise, several associations got together to discuss the poor state of the economy and to develop recommendations on how to jumpstart the economy. One such recommendation was the establishment of a one-stop shop agency to deal with FDI requests and provide quick answers. The other was to ameliorate the absolute prohibition of foreigners to acquire land. It was argued that while in the vest of the Bahamas, land acquired by foreigners in many instances remained unused, in Freeport the land was developed. In response, the government passed the International Land Holdings Act, which granted a permit to foreigners to purchase land of five acres and under. A ban was still maintained on foreigners owning land of more than five contiguous acres.

Since the repeal of the Immovable Property Act, there has been a remarkable increase in land sales, but this was more controlled than in the 1960s. The GBPA no longer have high pressured international marketing as they did in the 1960s, and sales are primarily to persons wanting to build a home. If land is requested for a commercial property, there are thorough checks of the legal or natural person’s background history and source of funds.

Some interviewees felt that the International Persons Landholding Act should be repealed, as well as other controls, except foreign exchange rules. The view was that if government removes the restrictions on FDI, Freeport would boom. Further, expatriates should be encouraged to stay and become part of the community, rather than have a transient mentality. However this was one view, and there are others who would oppose re-opening the economy.

The Current Situation

There is still not a clear allocation of responsibilities between the GBPA and the Government in terms of dealing with investors, and this leads to inefficiencies. The government foreign investment policy is now applied in Freeport, in the interest of Cooperation rather than a legal obligation. As such, sectors reserved for Bahamians under the FDI policy are respected. The GBPA still has a monopoly on the decision as to who is granted a license, but the government processes work permits. However, if a foreigner applies for a license, the GBPA notifies the office of the Prime Minister, in keeping with the FDI policy. There is a co-operative spirit, and good communication between the two bodies.
Despite this, government’s exclusive Acts do not apply in Freeport, such as The Architects Acts and The Real Estate Act and the Public Utilities Commission and Securities Commission have no authority in Freeport.

The GBPA does not attempt any more to restrict market entry. All applications for licenses are granted from as far back as twenty years ago, because the government found it unacceptable when restrictions were imposed. The majority of applications are from Bahamians and refusal was politically unacceptable. The license does not give the holder the right to operate elsewhere in the Bahamas, for which separate application to the government is required. Fees are applied on a case by case basis for larger investors, while the standard fee is B$2,500, and the license is renewable annually. The fee could be increased each year linked to the cost of living index. One interviewee at the GBPA felt that the fee structure was not equitable since firms which started there at the beginning have very low fees. The original licenses are still in effect and fees are built into the license. Some professional firms pay only B$250 per annum.

The GBPA no longer grants monopolies. Rather, large investors are granted a window of opportunity of 5-7 years. Monopolies granted in the early period (1960s) are entrenched in the licenses granted by the GBPA under the Hawksbill Creek agreement and are valid until 2054. Existing monopolies are: Freeport Oil Company – petroleum and propane distribution; The Container Port; The Ship Care Company; Windixie; the airport; Electricity; Water; Waste Management.

Management of Freeport

The GBPA provides some services while the government is responsible for others. Under the 1960 Amendment of the Agreement, the government took over responsibility for managing schools, medical clinics, accommodation for officers and employees of the government and low-cost housing. The GBPA manages the utilities, the hospital, and maintains the roads. They recently invested US$110 million in the hospital and regained $4 million last year. The airport is privately owned. The arrangement is that the government works out what is the cost of individuals working to supply the necessary services for which it is responsible, and the Port pays 125 per cent of the cost, unless the government collects more than that in revenues from licences fees, duties on cars, driver’s licences, fuel tax etc. The GBPA has never had to pay the government. According to the interviewee at the GBPA, the lowest net profit collected by the government in a year was US$60 million, and the average revenue collected annually has been US$100 million. The point was made that the government collects on fuel and cars but does not contribute from it for the maintenance of roads. The price of gas and oil is regulated by the Price Commission for all of the Bahamas, and applies in Freeport.
The interviewee at the GBPA was proud to point out that under the management of the GBPA, the utilities were functioning efficiently and at a profit. The water company is owned by the GBPA, and water rates are 25 per cent cheaper than in Nassau, even though they provide service outside of Freeport, all the way to West End to serve 300 people. In his view, the expense of supplying distance settlement argument of the government does not hold.

The electricity company is privately owned of which Bahamians own 25 per cent of shares. The salaries paid are similar to those paid by the Bahamas Electricity Corporation (BEC), but residents of Freeport pay 75% of the cost for electricity as those in Nassau. Their customer base is smaller, at 70,000 compared to the customer base in Nassau of 200,000 (This comparison does not, however, take into account the service provided by BEC to the Family Islands). The electricity supply is efficiently run and the company is profitable.

There is great determination on the part of the GBPA to not to allow the PUC to supervise their utilities. In their view, the utilities are being managed extremely well, are profitable and provide good service. The GBPA is reluctant to relinquish management control because they have little confidence in the PUC. In their view, it lacks skilled staff and is trapped in the inefficiency of bureaucracy, lacks transparency and accountability, and serves the interests of the political party in power, rather than the people. They claimed that the PUC does not have the legislative right to deal with anything but telecommunications in Freeport. They are willing to sign a Protocol with the PUC with respect to telecommunications.

All in all, then, there has been much change between the situation in Freeport in the 1970s which led to the government’s assertion of authority and what exists now. The population of Freeport (50,000) is now Bahamian in the majority, and so are the businesses. In the opinion of the interviewee, the polarisation of the society into Black and White which existed thirty years ago is no longer the reality. In the Bahamas, as a whole, there is now a small group of black merchants with money who are intermarrying and consolidating their wealth. There are many small entrepreneurs. The control of the liquor industry by Tiger Ferguson is an example. This reality is also reflected in Freeport.

There are continuing problems in Freeport, however. There is a huge infrastructure, but not a sufficient revenue base to sustain it. There are still problems with the interpretation of the duty free concession granted under the Hawksbill Creek Agreement. There is inconsistency in the interpretation of duty free bonded goods — do landscaping materials like plants and grass qualify? There was a judicial review in the UNEXCO case, where by UNEXCO, a diving company, brought in engines duty free under bond but customs would not allow free entry and the company was charged US$50,000. UNEXCO took it to court, and won the case against customs, which has appealed the decision. Because of the unrestrained granting of licenses, the economy has become saturated in certain sectors, leading to closure of businesses, such as hairdressing. Market forces are therefore working.
There is now a view, however, that there should be more discrimination in the granting of licenses. The Chamber of Commerce complained that it is not easy to exit a business in Freeport by selling because of the ease with which one can get a license.

The Economy of Freeport

Freeport is organised as a Free Economic Zone not a Free Trade Zone and the major economic activities are fuelled by the Container Port. It is a major transhipment port, accommodating ocean liners from Europe, the Eastern traffic through the Panama Canal and South America. It has the deepest harbour south of Virginia, and has an advantage over harbours in the US since they are generally at the mouth of rivers and have a silt problem. Freeport's harbour is cut into limestone and the aggregate was sold, so the cutting was at no cost. The turn around time for ships is 3 hours, as opposed to 24 hours in Miami. The Port employs 200 people.

Besides the Port, there are some manufacturing firms. POLYMERS manufacture plastic products and there is a Chemical Industry, Honeywell Processing, producing pharmaceuticals. Freeport Oil distributes petrol and propane throughout the Freeport area. We were informed that the major shareholder in Freeport Oil is the head of the Port Authority. The price of petrol is fixed by government and applies nation-wide. The Chamber of Commerce felt that by the island's standards, the service was efficient. However, the physical buildings were in a state of disrepair until recently.

Bahamian businesses are generally small, and in the services sector, they generally are lacking in capital and know-how. It was the view of the interviewee at the Chamber of Commerce that most of the Bahamian entrepreneurs lack business acumen, with a tendency to copy successful businesses without recognising the saturation point. There was criticism of the GBPA's discrimination against foreigners, whereby they are limited in their business activities but the same does not apply to Bahamians. Reverse discrimination is meted out by banks which lend to foreigners in US dollars at far lower rates than they do to Bahamians, who can only borrow in Bahamian dollars. There was great concern about the need to even the playing field for Bahamians through training in entrepreneurial skills, equal access to capital, and other concessions given to FDI. It was felt that the import duty for businesses should be higher than that for individuals.

The Legal Status of Freeport and its Monopolies

Lawyers interviewed were firm that any changes to the rules that apply to Freeport must be done according to the terms of the Hawksbill Creek Agreement which is enshrined in an Act of Parliament. By these terms, there must be consent by four-fifths of the licenses. The fact that the licensees are in the majority Bahamians makes it no easier for the government.
Some lawyers held the view that the agreement could be interpreted narrowly in that the licensor's power is already circumscribed by the common law principles relating to the doctrine of restraint of trade. In this lawyer's view, by that doctrine, competition law already exists in Freeport. However, others disagree, and point to judgements in several cases that re-affirm the 'fiefdom' status of Freeport carved out by the Hawksbill Creek Agreement (HCA). In one such case, Commonwealth Brewery received an exclusive licence to supply all of the Bahamas while Bahamas Brewery was licenced by the GBPA. The decision was that the GBPA was empowered to grant an exclusive licence in Freeport. According to this lawyer, any narrow interpretation of the HCA will spell economic disaster and a repetition of the 1970s.

Monopolies granted by the Port Authority under the HCA are entrenched for the time span of the licenses, that is, until 2054, unless four-fifths of licences decide otherwise. It was the view of lawyers who were interviewed that a competition law in the Bahamas would have to grandfather in the exclusivity of legal monopolies that exists until 2054 under the HCA. These firms have a legal right which could not be taken away without compensation, adequate, prompt or equitable. Any tampering of the licence would be considered a breach, and would be disastrous.

Interviews revealed that food supply is the only area controlled by a monopoly in which there was serious discontent. Windixie was given an exclusive monopoly in the 1960s, as a way to encourage it to locate in Freeport, given the urgent need to have a reliable source of supply of food for the growing population. There were universal complaints about the quality, price and choice of food, which was much worse than Nassau, despite the fact that the same duties and restrictions apply in both places. A similar comparison was made with Hawaii, where food is much cheaper and of better quality, despite the long distance away from the US. Because of the exclusive licence held by Windixie, the GBPA cannot allow another supermarket to do business in Freeport.

Consumers have been getting around this by shopping in Miami. Indeed, all retailers in Freeport face fierce competition from suppliers in Miami because flying to Miami for the weekend is common place for the consumers. Indeed, it is estimated that Bahamians spend US$1 billion per annum in South Florida. There has also been a challenge by a local businessman who brings in food supplies and sell wholesale, in warehouse fashion. Customers are required to buy in twos and threes. The monopoly is for a supermarket, and Solomon's, the wholesaler, does not classify as a supermarket. Small shops are also allowed and Windixie has protested on occasions, but it has to be careful not to be seen as depriving Bahamians of entrepreneurial opportunities, since this is not politically acceptable.
The purpose of providing this historical background is to give context to the many regulations in place in the Bahamas, designed to protect parts of the economy for Bahamians only. One has to understand that, unlike in industrialised countries, and even in most developing countries, the entire economic development of that country depended on foreign capital and foreign personnel. Moreover, this development took place in a period when the white wealthy minority controlled the economy and society, ensuring that the constitution and franchise served their interests. The Report of the Royal Commission (1970:35) commented on the stranglehold which the “Bay Street Boys”, as they were called, held over the Black population through constitutional provisions which allowed property and privilege to become entrenched in both legislative chambers, in the Executive Council and in the body politic generally.

A few families historically controlled the Colonial Legislature and were prominent among the Bahamian merchant class in the days of Bootlegging in the 1920s. Interestingly, it was precisely the stringent laws governing the investment of foreign capital that provided the opportunity for the local white community to respond to the lucrative business of smuggling liquor into the United States.

In the late 1950s to 1967, there was a struggle for power between the entrenched white ruling class and emerging aspirant young black professionals, leading to several important changes. Up to 1958, there were property qualifications and plural voting which automatically disenfranchised most blacks.6 In that year, after a serious labour strike which crippled the island for several weeks and caused a severe downturn in tourism, the Secretary of State for the Colonies intervened, abolished the discriminatory voting rules and provided four more seats for Nassau in the House of Assembly. All four seats were won by the black party in 1960. Women were given the right to vote in 1960. In 1967, the white community’s control of government ended when Lynden Pindling was invited by the Governor to form the government. But the white families, the “Bay Street Boys” continue to control the economy.

This ownership structure is still evident, with the same prominent families controlling prime real estate and the key businesses in the economy today. For instance, two families control the wholesale food supply while three others control the retail supermarkets: Supervalue, City Market and Abaco Markets, the only supermarket in Abaco. As a result, there is high concentration in the food sector (import, distribution and retail). There are two main supermarkets, City Market and Super Value/Portion Control. City Market has ten outlets in Nassau and two in Freeport. It is partly owned by Winn Dixie, a big supermarket chain in the United States. Super Value has ten outlets in Nassau and none in Freeport. The

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6 Plural voting was a system which allowed an individual to vote twice if he owned a business that was located outside the constituency where he lived. Of course, businesses were owned by whites.
remaining food stores are in either only one location, or if more than one location, small in size. According to the Business Establishments Survey for 1999, there are 35 registered businesses for wholesale, food, beverages and tobacco, and 147 businesses in the retail of good, beverages and tobacco (convenient food stores included) in New Providence. In Grand Bahama, there are 14 wholesale and 44 retail establishments. Despite the seemingly large number of establishments in the food sector, though, City Market and Super Value dominate the food market, and ownership is concentrated in the hands of the “Bay Street Boys”.

One family controls building supplies, CBC Commonwealth Building Supplies and Bahamian Lumber. According to the Survey of Businesses, 1999, there are only two businesses in New Providence that wholesales construction materials, hardware, plumbing and heating equipment and supplies. This same family is part owner of Marathon Mall, and together with the family that dominates the buildings supplies sector, owns the docks and Tropical Shipping. Another white family has an interest in these enterprises and also owns Simonette Ship yard. There are 8-10 shipping companies, all owned by members of the white community. Tour operators, Play Tours and Majestic Tours are owned by a member of the White community.

Crafton expressed the view that there was good potential for developing agriculture and fishing in the Family Islands, claiming that “the giant farms of Andros and Abaco have shown that the Bahamas will grow practically anything in any season, given only the support of investment capital and a well-planned distribution system; but at least until 1964 the Agricultural and Marine Products Board was the poorest department in a poor government. The explanation given was that “the commercial interests dominant in the Legislature were no more willing to foster a flourishing farming economy than they were to support advanced education for Bahamian Negroes. The “Bay Street Boys” were held unwilling to subsidise agriculture while rich profits were to be had from importing fruits and vegetables from the United States” (Crafton 1968:289).

Current policies are geared towards containing the massive influx of foreigners into the country, and in the interest of socio-economic survival of the Bahamian population, reserving sectors of the economy for Bahamians only. The Bahamas has the third highest per capita GDP in the hemisphere (after the U.S. and Canada). Unlike the rest of the CARICOM, therefore, the Bahamas is extremely attractive to foreigners from industrialised countries because of the high income levels, the tax free concession, and the good standard of living in an atmosphere of fun, leisure and relaxation. Hence, there has to be stringent policies to stem the inflow of foreigners and to secure job and entrepreneurial opportunities for Bahamians. This explains why Black Bahamians and their government are fiercely protective of their economy and their society.

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7 Information provided during interview with the Real Estate Association.
The historical experience was of an economy developed by foreigners, in collaboration with the dominating white elites of the society. The physical landscape of the Bahamas bears the stamp of the economic and leisure activities of the foreigners. Moreover, there is a large expatriate presence in the white collared workforce. Further, local wealth and business establishments are concentrated in the hands of a minority white population, with a great divide between them and the black population. It is in this context that the government had to introduce policies to protect parts of the economy from foreign penetration, in order to give Bahamians, and black Bahamians in particular, opportunities for entrepreneurial development and white collared and professional jobs.

The Current Reality

There is no doubt that the memory of racism meted out during the colonial period endures in all CARICOM countries. However, there is a qualitative difference in the Bahamas. It is the only CARICOM country where up to the late 1960s, blacks were segregated, not allowed to enter restaurants and the cinema, not provided with opportunities for education, and endured the type of racism that existed in the Southern States of the United States. It was the Pindling government, the first black government, that began the process of rolling back these discriminatory laws, regulations and practices, that built schools in the late 1960s, imported teachers to staff the schools and took teenagers off the streets and put them into schools. It is therefore not surprising that there is a tremendous sensitivity in the Bahamian people to issues of racial discrimination. This was further fuelled by the influx of American tourists into the country. Therefore, on the one hand they depend on the tourists for economic growth and employment generation, but on the other have to cope with the emotional issues that linger.

This situation has led to socio-political issues that any government in power cannot ignore. For instance, the ground transport sector provides employment for many poor black families. While there are many inefficiencies in this sector, and opening the sector to competition could lead to greater efficiencies, this could lead to social implosion.

While ground transport is a small part of the economy, it is a very contested and contentious sector. There are three types of transport: taxis, tour operators, and jitneys. The taxis service the airport to hotel route and the needs of hotel guests. Taxi rates are fixed by the government, but the taxi association does attempt to influence the government’s decision on rates. Tour Operators have made incursions into this niche by also now providing the same service from the airport. Tour operators are linked to hotels in all inclusive packages of airfares, room rate and ground transportation. Prices are set by comparing prices in competitors’ markets. Tour operators and taxis also compete for the cruise ship passengers. Taxi owners are also facing competition from water taxis which operate from hotels to Paradise Island, or other locations. The jinney operators service the local population. Prices are controlled, and routes are allocated. All jinney services are privately owned.
The Bahamas Taxi Association is a long established and highly politicized body, very protective of what they consider to be their turf. Indeed, as far back as 1958 (remembering that tourism in the Bahamas dates back to the late 19th - early 20th century), the then Taxicab Union, which objected to airline passengers being carried by tour company cars, blockaded the approaches to the airport on the day that the new airport was scheduled to open. In sympathy with the Taxis Union, there was a general strike which shut down the economy for 19 days and it took months for the tourism industry to recover (Crafton 1962:287). The manifesto of the newly elected government (the PLP) promises to devise a fair system to prevent tour operators and water taxis from encroaching on the business of taxi drivers and depriving them of their livelihood, but also allowing water taxis and tour operators to earn a living. This is clearly a political issue, and one that would not allow free competition within the sector, be it even only amongst Bahamians. But more than that, it is an issue that goes back to deep seated resentments and concerns, since the two largest tour operator companies, Play Tours and Majestic Tours, are owned by Bill Saunders, a white Bahamian, who is seen to be elbowing out the small black entrepreneurs with their privately owned taxis.

The case of liquor is very interesting. The main wholesale and retail liquor distributors are Burns House Ltd./Butler and Sands Co. Ltd. And William Brewer Co. Ltd./Bristol Cellars Ltd. Bacardi and Company Ltd. bottle rum. There are 70 retail liquor stores in New Providence and 52 in Grand Bahama. A year ago, the majority ownership (about 90%) of the liquor wholesale and retail industry was bought out by a Black Bahamian from the white family that owned the business for generations. The Licensing Board objected, stating that no application was made to transfer the existing license. The case was taken to Court and the Licensing Board lost. Reports are that it is very difficult for new entrants to get into the bar or pub business. There are also complaints that liquor prices are excessive. However, one view, and a very valid one, given the culture of the Bahamas, is that the Church may have problems with the lowering of liquor prices. Another view gleaned during an interview of a Bahamian business person, was that “the Whites controlled for “300” years, so why can’t a Black man have a monopoly now.” The memory of racial discrimination experienced by Black Bahamians still informs perception of justice in the society.

Conclusion

This brief foray into history was for the purpose of illustrating that the current views and aspirations of the Bahamian peoples are derived from a totally different historical experience from other CARICOM countries, and that there is therefore less commonalities between The Bahamas and the rest of the Community than there is amongst the other countries. There is little trade between The Bahamas and the rest of CARICOM, their imports coming largely from the United States. The Bahamas exports little by way of goods, and their main economic activities are tourism, off-shore banking, and construction activities. There are therefore few economic linkages with the rest of CARICOM.
lies in the experience of British colonialism, but this is not sufficient to generate closer economic ties. It is therefore not surprising that The Bahamas opted to stay out of the CARICOM Single Market and Economy.