

British Dependencies: British Virgin Islands, Anguilla, and Montserrat

The Leeward Islands British dependencies lie east of Puerto Rico in the region where the Greater Antilles and Lesser Antilles meet. The British Virgin Islands, immediately east of their United States counterparts, consist of more than forty islands, rocks, and islets, the most important of which are Tortola (containing the capital of Road Town), Virgin Gorda, and Anegada (see fig. 16). Anguilla (pronounced “an-GWIL-a”) lies some 120 kilometers east of the British Virgin Islands (see fig. 17). It is small, but its territory includes several even smaller islands. Montserrat, also a small island, lies 180 kilometers southeast of Anguilla, not far from Antigua.

Christopher Columbus discovered the Virgin Islands and Montserrat on his second voyage to the West Indies in 1493. He named the former “Las Virgines” in honor of St. Ursula, an Englishwoman who is alleged to have traveled to Germany with virgin attendants and to have been martyred there. Columbus named Montserrat after the mountain in Spain on which Ignatius Loyola established of the Society of Jesus (the Jesuits).

Whether or not Columbus also sighted Anguilla during this 1493 voyage remains uncertain. Historian Thomas Southey made the first known mention of the island in 1564, after a French expedition passed it on a voyage from Dominica to Florida. The island apparently received its present name from its long, narrow shape and serpentine shoreline. Anguilla means eel in Spanish.

In the early years of European settlement, buccaneers and pirates roamed what are now the British Virgin Islands, providing what later would be the inspiration for Robert Louis Stevenson’s *Treasure Island*. These buccaneers owed allegiance to no one in particular, although a Dutch group apparently held the island of Tortola when a band of English adventurers took over in 1662. The islands were annexed by England in 1672. In 1680 a few planters moved with their families from Anguilla to Virgin Gorda, starting a steady stream of settlers. By 1717 the white population of that island totaled 317, with an additional 159 on Tortola. The early 1700s also saw the establishment of a Quaker colony, which, for a while, tried to create a separate island government under the auspices of the British crown. During the eighteenth century, extensive cultivation—mainly by slave labor imported from Africa—led to the formation of sugar, indigo, and sea island cotton plantations (see *The Sugar Revolutions and Slavery*, ch. 1). In 1773, upon their second petition to the crown, the planters were granted

Islands of the Commonwealth Caribbean

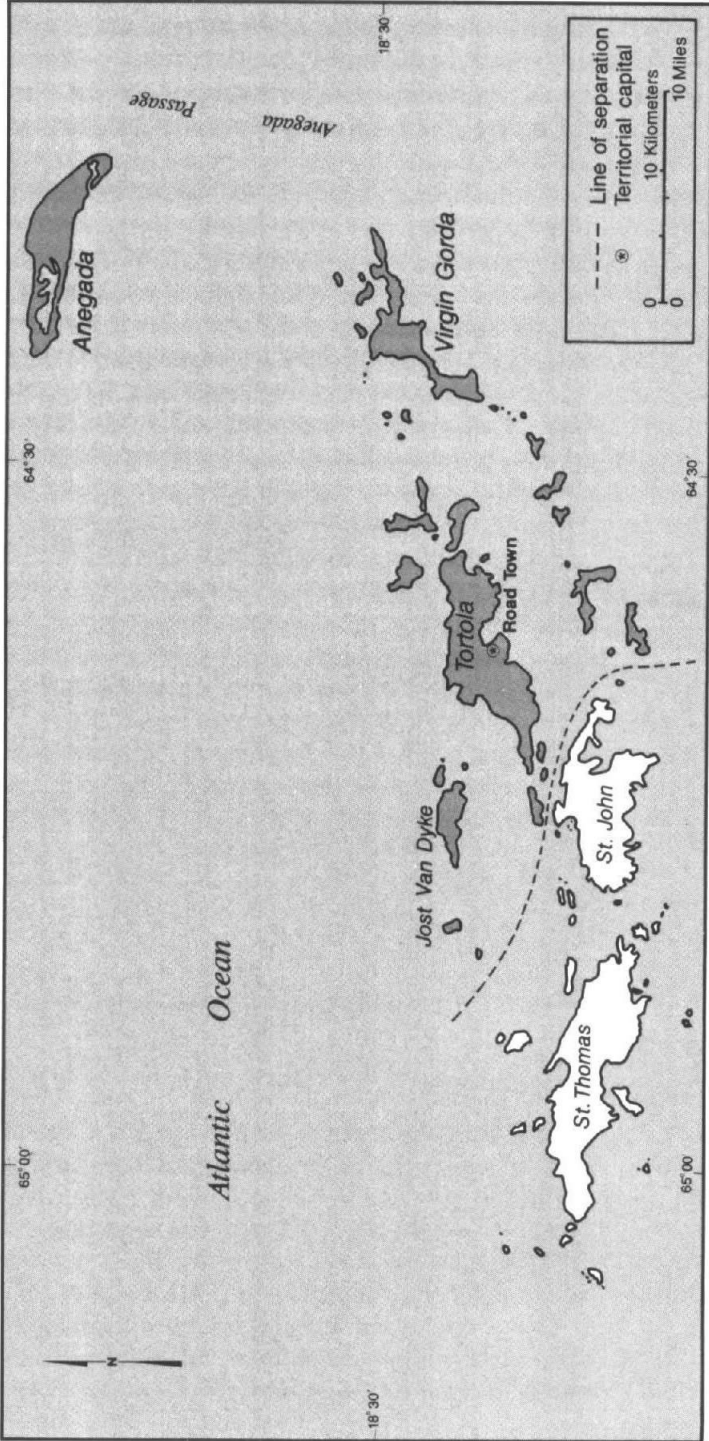


Figure 16. British Virgin Islands, 1987

civil government and constitutional courts with a completely elected twelve-member House of Assembly and a partly elected and partly appointed Legislative Council, or "Board," which met for the first time on February 1, 1774.

Anguilla was colonized by English settlers in 1650 and has remained a British colony ever since. There were, however, several raids. Carib Indians from Dominica attacked in 1656, and Irish raiders landed in 1698. A few of the Irishmen settled on the island and left descendants with Irish names. The French attacked unsuccessfully in 1745 and again in 1796.

The English first colonized Montserrat in 1632. The island fell into French hands in 1662 for a four-year period and again in 1792-93. It has remained British ever since, however. The early settlers tried to make Montserrat a prosperous plantation island. They brought African slaves to the island to cultivate sugar, limes, and vegetables, but the terrain was simply too rugged to yield these crops in great quantities. The island never became the agricultural success that the settlers envisioned.

After the British established firm control over their territories in the Leeward Islands, they combined and recombined them into various colonies and federations. In 1816, for example, St. Christopher (hereafter, St. Kitts), Nevis, and the British Virgin Islands were made into one colony with its own captain general and governor. In 1871 St. Kitts and Anguilla were made a single unit in the new Leeward Islands Federation. Soon after, Anguilla, St. Kitts, and Nevis were united into one unit of the federation and called the Presidency of St. Christopher and Nevis. The British Virgin Islands and Montserrat also were separate presidencies within the federation.

During the 1950s and 1960s, political arrangements changed rapidly. In 1956 the British government dissolved the Leeward Islands Federation, and each presidency became a separate colony. In 1958 the British established the new West Indies Federation, with St. Kitts, Nevis, and Anguilla as one unit and Montserrat another. The British Virgin Islands did not join the federation and became an individual crown colony (see Glossary), with a British "administrator" (later governor) who reported directly to the British government. When the British dissolved the West Indies Federation in 1962, Montserrat also became an individual British crown colony. Both the British Virgin Islands and Montserrat have since remained crown colonies. Under this arrangement, the British government has control not only over the islands' defense and external relations but also over the internal police force and administrative and budget matters.

Islands of the Commonwealth Caribbean

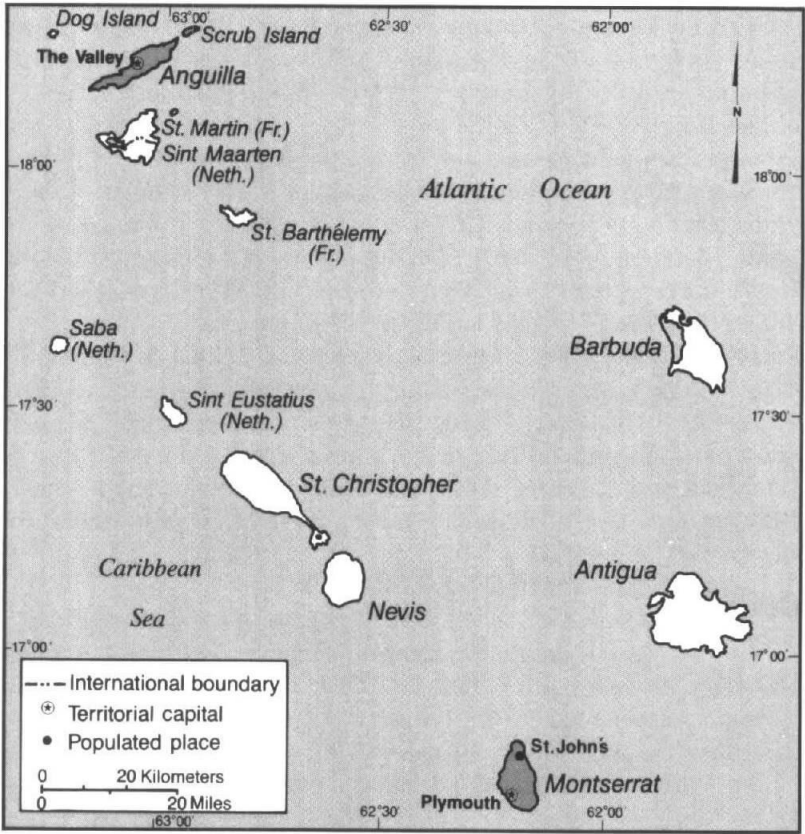


Figure 17. Anguilla and Montserrat, 1987

Anguilla's situation was even more complicated. When the West Indies Federation dissolved in 1961 and various attempts at a new federation failed, Britain formed the Windward and Leeward Islands Associated States. Under British law, associated states (see Glossary) have full internal self-government, while Britain retains control of defense and external affairs. This meant full internal self-government for the new association, including the unit of St. Kitts-Nevis-Anguilla. When St. Kitts and Nevis became an individual associated state in 1967, a further step toward self-rule, Anguillians attempted to dissociate themselves from that entity. Under the leadership of Ronald Webster, a local businessman and leader of Anguilla's only political party, the People's Progressive Party (PPP), Anguillians strongly objected to internal rule by St. Kitts. On May 30, 1967, the Anguillians evicted the St. Kitts police force and began to run their own affairs through a local council. Six weeks

later, Anguilla held a referendum in which all but 5 of over 1,800 voters rejected continued ties with St. Kitts and Nevis. This overwhelming sentiment may have influenced the initial low-key British response aimed at negotiating a compromise. In 1969, however, Webster led a bid to secede from the St. Kitts-Nevis-Anguilla union; the Anguillians made a “unilateral declaration of independence” under the “rebel” British flag.

Economic concerns were at the root of the 1969 secession. Anguillians claimed their island was the poor cousin of the union and received little from St. Kitts and Nevis. The Anguillians believed that colonial status meant a legal obligation on Britain’s part to help with development aid.

After attempts to repair the breach between St. Kitts and Anguilla failed, St. Kitts requested that Britain land troops on Anguilla. The British did so in March 1969 and installed a British commissioner. Britain reluctantly accepted Anguilla’s request for a return to colonial status.

In July 1971, the British Parliament passed the Anguilla Act, which provided that should St. Kitts-Nevis-Anguilla decide to end its associated status, Anguilla could be separated from the other islands. As independence for St. Kitts and Nevis approached, Anguilla formally separated from the state. The island became a British dependent territory in December 1980. In the late 1980s, it was still a separate dependency, an associated state administered under the terms of the British government’s Anguilla Constitution Order of 1982. In accordance with this legislation, a new Constitution took effect in Anguilla on April 1, 1982. Britain also contributed considerable financial aid.

Geography

The Virgin Islands are an archipelago of more than 100 islands and cays (see Glossary) located about 95 kilometers east of Puerto Rico. The islands are politically divided into two units: the United States Virgin Islands on the west and the British Virgin Islands on the east. With a total area of 153 square kilometers, the British islands are slightly smaller than Washington, D.C., and fall into four groups: an archipelago of small islands that run southwest-northeast and end with Virgin Gorda on the east; a central group containing Tortola, the largest of the British Virgin Islands; a western group that includes the island of Jost Van Dyke and surrounding smaller cays; and Anegada, forty-eight kilometers north-east of Virgin Gorda.

With the exception of Anegada, all of the islands are hilly or mountainous and are volcanic in origin. Slopes are rugged and rise

steeply from the sea. The highest point is Tortola's Mount Sage, at 543 meters. Bare outcroppings are common, and the islands have no permanent streams. Anegada, geologically distinct from the other islands, is a flat coral island composed of limestone. The soil on all the islands is poor, consisting mostly of brown loam of volcanic origin. Anegada has little soil at all.

The British Virgin Islands' climate is tropical with a pronounced rainy season from May through November. The rain falls in short, heavy showers and averages about 125 centimeters per year. Despite the moderate rainfall, porous soils and high evaporation rates allow for only xerophytic types of vegetation, that is, plants that survive in dry, hot climates. Temperatures are fairly constant, ranging from summer maximums of 31°C to winter minimums of 20°C. Trade winds are constant, blowing from the northeast in winter and from the southeast in summer. Hurricanes strike occasionally from June to November.

Anguilla, in the northern Leeward Islands, lies 240 kilometers due east of Puerto Rico and 8 kilometers from St. Martin/Sint Maarten, the nearest of the Leeward Islands to the south. Anguilla is twenty-six kilometers long and six kilometers wide, at ninety-one square kilometers about half the size of Washington, D.C. It is a flat coral island, with its highest point only sixty-five meters above sea level. Scrub Island, five square kilometers in area, lies just off Anguilla's northeast end. Dog Island, smaller than Scrub Island, lies to the northwest, as do several small cays.

Anguilla's climate is tropical, with little seasonal variation. Temperatures range from 22°C to 30°C. Rainfall is low, averaging 100 centimeters annually, with substantial variation from year to year. Hurricanes are a threat in the summer or fall. The scant rainfall and poor soil allow for only low scrub vegetation.

The small, rugged island of Montserrat is forty-three kilometers southwest of Antigua and seventy kilometers northwest of Guadeloupe. Only 11 kilometers by 18 kilometers, the pear-shaped island has an area of 102 square kilometers. Of volcanic origin, Montserrat has active sulfur vents in the mountainous south-central section. The island itself has a narrow coastal plain that rises steeply to several peaks, the highest of which, Chance Peak, reaches 915 meters. Much of central Montserrat is covered by tropical rain forest, probably the reason the island is popularly known as "the Emerald Isle."

Montserrat has a tropical climate with little seasonal variation; temperatures range from 22°C to 31°C. Rainfall is plentiful, ranging from 170 centimeters on the windward northeast slopes to 125 centimeters on the leeward southwest coastal areas. Hurricanes can strike during the summer or fall.

Population

The total population of the British Virgin Islands was estimated in 1986 to be 12,000. Annual population growth averaged 1.6 percent over the 1982–85 period. About 500 expatriates from Western Europe and North America also reportedly resided on the islands. Eighty-five percent of the total population lived on Tortola, 9 percent on Virgin Gorda, and about 3 percent each on the islands of Anegada and Jost Van Dyke. In general, the islands were underpopulated in comparison with most of the West Indies, having a population density of only 78.4 per square kilometer. Despite the relatively uncrowded conditions on the islands, the government applied very strict immigration controls against other Caribbean nationals attracted by the islands' relatively prosperous economy.

The people of the British Virgin Islands are primarily black. Life expectancy at birth among the islanders in 1982 was 70.2 years. In 1982 the birth rate was 20.3, and the infant mortality rate was 45.1 per 1,000 live births. The overall population of the British Virgin Islands was young; 34 percent were under age 15, and only 8.6 percent were over age 60.

Anguilla's population stood at 6,800 as of 1987; in addition, a small number of expatriates from North America and Western Europe lived on the island. Annual population growth averaged 0.7 percent between 1982 and 1985. About 10 percent of the population lived in the capital, The Valley, in the central part of the island. Like the British Virgin Islands, the island of Anguilla had a low population density for the Caribbean—76.9 people per square kilometer.

The people of Anguilla are mainly black, but there are some whites, descended from a party of Irishmen who landed on the island in 1698. Life expectancy at birth on Anguilla in 1982 was the same as on the British Virgin Islands (70.2). The birth rate in 1982 was 25 live births per 1,000 of the population. At the same time, the infant mortality rate was 26.7 per 1,000 live births. Approximately 28 percent of the population was under 15 years of age, and only 13 percent was over 60 years of age.

Montserrat's population in 1986 was estimated at 12,000. The population grew at an average annual rate of 0.6 percent during 1982–85. About 10 percent of the population resided in Plymouth, the capital. Montserrat's population has risen since 1970, following thirty years of emigration resulting from poor economic conditions and prospects on the island. The population density of the island in 1982 stood at 117.6 per square kilometer.

Montserrat's population is 90 percent black and mulatto, with some whites of Irish ancestry. Shortly after the initial English settlement of the island in the first half of the seventeenth century, a large group of Irishmen arrived on Montserrat. Whether they were exiled from Ireland or came voluntarily from other Caribbean islands remains unknown, but their legacy on Montserrat can be seen in a number of red-haired islanders.

Life expectancy at birth among Montserratians in 1982 was 70.2 years. The birth rate in 1982 was 22.3 live births per 1,000. The infant mortality rate on Montserrat in 1983 was 26.4 per 1,000 live births. The age distribution on Montserrat varied slightly from the pattern of the other two island groups; only 30.5 percent of the population was under 15 years of age, while close to 17 percent was over 60.

In all three territories, the predominant religion was Christianity. Approximately 42 percent of the population in the British Virgin Islands was Methodist, and 25 percent, Anglican. The remaining 33 percent of the population included Roman Catholics, Baptists, Seventh-Day Adventists, Jehovah's Witnesses, and members of the Church of God.

Anguillians belonged mostly to Anglican or Methodist congregations; each denomination claimed 43 percent of the population. Baptists, Roman Catholics, Jehovah's Witnesses, Seventh-Day Adventists, and members of Apostolic Faith and Second Bethany Gospel Hall congregations accounted for the remaining 14 percent of the population. Anguillians were highly religious, which accounted for the great opposition to casino gambling proposals in the 1980s.

Like the other two island groups, Montserrat was primarily Anglican and Methodist. Approximately 33 percent of Montserratians were Anglican, and 25 percent were Methodist. The remaining 42 percent of the population belonged to Baptist, Seventh-Day Adventist, Pentecostal, or Roman Catholic congregations.

Education

In the British Virgin Islands, education was free and compulsory to the age of fourteen. In the late 1980s, primary education was provided in twenty-five schools—sixteen government and nine private. Primary-school enrollment in 1983 was 2,093. There were four high schools with a total student population of 1,013; these provided vocational as well as general training. In 1970 only 1.7 percent of the adult population had received no schooling. This

high rate of school attendance was reflected in the islanders' high literacy rate, which in 1984 stood at 98.3 percent. Few British Virgin Islanders had postsecondary schooling, however. In 1984 only 5.4 percent of the population over the age of 24 had any postsecondary education.

On both Anguilla and Montserrat, education was free and compulsory between the ages of five and fourteen. Anguilla had a primary-school enrollment of 2,068 students in 1983 and a secondary-school enrollment in 1982 of 473 students. The government operated six primary schools and one secondary school. In 1984 the literacy rate among Anguillians was 90.4 percent. Like the British Virgin Islanders, few Anguillians had a postsecondary education. In 1982 only 2.9 percent of the population over the age of 25 had had any higher education.

Montserrat's primary-school enrollment in 1981 was 1,725 students. Primary education was provided by twelve government schools, two government-aided denominational schools, and two private schools. Montserrat had a secondary school, plus two junior secondary schools for children aged twelve to fifteen who failed to pass the examination for entry into the regular secondary school. In 1981 there were 871 students enrolled in these schools. Montserrat's literacy rate was estimated at 77 percent.

Montserrat had a small technical college. The existence of the junior schools and the technical college reflected the importance the government placed on technical, vocational, and business training. Implementation of this policy, however, was hampered by a shortage of qualified instructors. The percentage of the population with higher education was low, amounting to only 2.7 percent of those over the age of 25.

The College of the Virgin Islands, located in the British Virgin Islands, was the only four-year institution of higher learning in the three territories. The University of the West Indies (UWI) had Extra-Mural Departments with resident tutors in each territory. Students could also opt to attend the UWI at its three campuses, in Mona, Jamaica; Cave Hill, Barbados; and St. Augustine, Trinidad and Tobago. Students also attended universities in Britain, Canada, the continental United States, Puerto Rico, and the United States Virgin Islands.

Health and Welfare

The general health and welfare of all three British dependencies were good and continuing to improve in the late 1980s. Each had adopted the goals of the Pan American Health Organization of good health for all by the year 2000, emphasizing preventive

medical services and early maternal and child health care programs.

In the mid-1980s, mortality rates varied among the British dependencies. Montserrat had the highest death rate, 10.4 per 1,000 inhabitants, followed by Anguilla and the British Virgin Islands with 7.1 and 5.1, respectively. Interestingly, the British Virgin Islands had the highest infant mortality rate, 45.1 per 1,000 live births, followed by Anguilla and Montserrat with 26.7 and 26.4, respectively.

Programs of inoculation against diphtheria, pertussis, and tetanus had succeeded in reaching at least 90 percent of the population on all the islands; vaccinations against poliomyelitis and measles reached a minimum of 75 percent of the targeted population. Anguilla and Montserrat reached over 95 percent of their respective populations with the polio vaccine. The incidence of infectious diseases was very low for all three dependencies; none had reported any cases of acquired immune deficiency syndrome as of May 1987.

Although Britain supplied funds for health care budgets, administration and health care delivery were the responsibility of the local governments. Montserrat, the British Virgin Islands, and Anguilla allocated approximately 13 percent, 11 percent, and 10 percent, respectively, of their annual budgets to health care and related services.

Health care in the British Virgin Islands was the responsibility of the minister of social services; administrative and technical supervision rested with the chief medical officer. The national health policy mandated free health services for the entire population and was achieved through an infrastructure that included the fifty-bed Peebles Hospital in Road Town and eight district health centers. In 1984 the islands had a total of six doctors, one dentist, and sixty nurses, midwives, and assistant nurses. In addition, there were three doctors who maintained a private practice and an eight-bed hospital.

Anguilla's health system was administered by the Ministry of Health, which directed all medical facilities on the island. In 1984 there was no specified national health plan, and there was a distinct lack of trained personnel. A twenty-four-bed hospital was the primary medical facility and was supported by four district health centers and a modern dental clinic; there were five physicians on the island.

Montserrat's health services were the responsibility of the Ministry of Education, Health, and Community Services; the permanent secretary in the ministry oversaw administration and was advised on technical matters by the chief medical officer. All community health services were free with the exception of certain

laboratory tests. Montserrat was able to provide health care to all inhabitants by 1984. Major health problems were treated at the Glendon Hospital in Plymouth, which had sixty-seven beds, and community services were provided through a network of twelve district clinics. No village was farther than about three kilometers from a district clinic.

Economy

Like most of the West Indies, the British dependencies traditionally depended on agriculture, some fishing, and a few light industries such as straw and basket work. Tortola, in the British Virgin Islands, was also the site of rum distilleries. Unemployment was high, because much of the work was seasonal. As a result, all three territories have worked hard to build up year-round tourism and attract light industries.

The gross domestic product (GDP—see Glossary) of the British Virgin Islands in 1985 was US\$84.5 million, of which tourism accounted for approximately 50 percent and other services and government for approximately 50 percent. Per capita GDP in the British Virgin Islands in 1985 was estimated at US\$7,260, a higher figure than that of many neighboring Caribbean states. Most of the work force was employed in the United States Virgin Islands. Tourism (26 percent), government service (20 percent), and construction (18 percent) were the principal employers of the domestic work force in the mid-1980s.

In the late 1980s, tourism was the principal economic activity in the British Virgin Islands, generating about 50 percent of the national income. The number of tourists visiting the islands increased from 70,287 in 1976 to 161,625 in 1984. The major characteristic of the islands' tourist industry was that it was based largely on yachting. Sixty-three percent of the arrivals chartered or lived on yachts. Seventy percent of the visitors came from the continental United States, 11 percent from Canada, 10 percent from Puerto Rico and the United States Virgin Islands, 7 percent from Western Europe, and 2 percent from elsewhere in the Caribbean.

Offshore financial services were also a rapidly growing part of the economy in the late 1980s. A direct result of the enactment in July 1984 of the International Business Companies Act was the incorporation of about 3,000 companies in the British Virgin Islands between July 1984 and December 1986.

Agriculture remained moderately important in the British Virgin Islands but was limited by the islands' poor soil. Farms, generally located on the larger islands, tended to be small, averaging just over seven hectares. In general, the soils of the islands were poor,

and food crops were rotated with pasture. Raising cattle for export was the main agricultural industry, but some sheep and goats also were raised. Crops included sugarcane, used locally for the production of rum, and fruits and vegetables, often sold to customers in the United States Virgin Islands.

Overall, 60 percent of the total land area was in private ownership. The remainder was owned by the crown. Of the privately owned land, 75 percent belonged to native British Virgin Islanders, 18 percent to foreigners, chiefly United States citizens, and 7 percent to nonindigenous British subjects. The government used 3 percent of crown lands for its own purposes and rented 31 percent of its land to native islanders and some 7 percent to British subjects and foreigners. Fifty-nine percent of the crown lands were not in use. Nationals of other countries, including Britain, had to obtain a license to buy land.

The coastal waters of the British Virgin Islands abound in various species of fish, which provided one of the largest sources of protein in the islands and the largest export. In 1983 fish exports contributed US\$216,000 to the economy. By the late 1980s, traditional sloops had given way to motorized fishing boats. Deep-sea sport fishing also had been developed and was part of the growing tourist industry in the islands.

Exports from the British Virgin Islands were negligible in comparison with imports. In 1985 exports stood at US\$2.5 million and imports at US\$91.4 million. Fresh fish, rum, gravel and sand, fruits, vegetables, and livestock were the primary exports. The United States Virgin Islands received about 50 percent of the exports. Other Caribbean islands accounted for most of the rest. There was negligible export trade with the United States or Britain. The islands imported building materials, automobiles, machinery, fuel, foodstuffs, manufactured goods, and chemicals, primarily from the United States (about 50 percent), the United States Virgin Islands (13 percent), and the rest of the Caribbean (27 percent). The trade deficit was made up in three ways—by remittances from British Virgin Islanders working overseas, tourist receipts, and foreign investment.

Although Anguilla was less prosperous than the British Virgin Islands, it sustained steady economic growth for the five years ending in 1986. In 1983 GDP was US\$6 million and per capita GDP a respectable US\$6,000. Services and tourism contributed heavily to GDP; this was reflected in the distribution of the labor force, 46.3 percent of which was in the service sector. Industry accounted for 35.2 percent of all employment, and agriculture accounted for 8.5 percent. Unemployment on Anguilla was 30 percent in 1985.

Anguilla's economic growth in the 1980s was a direct result of its improved standing as a tourist attraction. The total number of visitors rose by 16 percent from 1985 to 1986 and provided revenue for the private sector through tourist-related services and for the public sector through increased duties. In 1986 the Caribbean Development Bank (CDB) outlined new projects that would help Anguilla sustain the growth of tourism. These projects included construction of a modern, forty-four-room hospital and a new airport terminal.

Salt, a traditional export, remained Anguilla's second most important source of foreign revenue in the mid-1980s. Most of the salt was used in oil refinery operations in Trinidad. Salt production had been temporarily suspended in the late 1970s after most of the yield was destroyed by rains.

Workers' remittances from abroad also formed a large part of the island's income; 20,000 people of Anguillian ancestry lived abroad, concentrated in Slough, England, and South Amboy, New Jersey. Because there was no income tax in Anguilla, customs duties, license fees, and revenue from postage stamp sales were important sources of government income.

Domestic agriculture was a high priority on Anguilla, although the island had little arable land. Only 13 percent of Anguilla's total area was cultivable, and only a third of that was truly arable. Crops were grown primarily for domestic use. The British government has invested in irrigation and water projects, including desalination plants. Legumes, sweet potatoes, and sorghum were the main crops, mostly grown in "backyard garden-scale" plots averaging little more than one-quarter of a hectare. When rainfall was good and crop surpluses resulted, the territory exported small amounts of vegetables and fruits to neighboring islands.

Anguillians raised cattle, goats, sheep, and pigs for domestic use and for export. The island also exported lobsters, although overfishing had depleted the once valuable lobster beds. In 1983 Anguilla exported fish and shellfish valued at US\$49,000.

Exports from Anguilla in 1981 had a total value of US\$5.4 million. Most of Anguilla's exports were to other Caribbean islands; little was destined for either the United States or Britain. Import statistics were not available, but the United States accounted for a large proportion of Anguilla's imports.

The per capita GDP of Montserrat was far lower than that of the other two island groups, standing at only US\$3,130 in 1985. GDP was US\$37.1 million in 1985, of which 79 percent was generated by services, 15 percent by manufacturing and industry, and 6 percent by agriculture. Tourism alone generated about 25

percent of Montserrat's GDP. Because of tourism's significance, large amounts of the available foreign aid, mostly from Britain, were used on such projects as the improvement of airport and dock facilities.

Like the labor forces of Anguilla and the British Virgin Islands, the Montserratian work force was concentrated primarily in services. Sixty-four percent of the labor force was employed in the service sector, 25.7 percent in industry, and 10 percent in agriculture in 1983. Thirty-five percent of the island's women were active in the labor force in 1982. Unemployment was estimated at 5.3 percent in 1985.

Thirty-five percent of the island's annual income came from remittances by overseas citizens; between 1959 and 1962, one-third of the population left for Britain. Expatriates living on the island contributed 25 percent of GDP. The government has attracted foreign light manufacturing (mainly of plastic bags, textiles, and electronic appliances), which accounted for 90 percent of the total value of exports in 1984. The sea island cotton industry was also important. In addition, more than twenty offshore banks (see Glossary) had been established. These were subject to strict government controls.

Barely 18 percent of Montserrat's total area is suitable for crops and pasture. Soils are poor, and scant rainfall and periodic droughts frequently limit yields. As on Anguilla, the British government invested in irrigation and water projects. Montserrat's farmers grew limes, bananas, vegetables, and some cotton. When rainfall was good and crop surpluses resulted, Montserrat also exported small amounts of vegetables and fruits to neighboring islands. In general, however, agriculture was declining on Montserrat; the island's Ministry of Agriculture estimated that only twenty farmers were consistent producers. Montserrat also raised livestock for domestic use and export. Seafood, mostly fish, also was exported.

Like Anguilla and the British Virgin Islands, Montserrat imported far more than it exported. In 1985 exports were valued at only US\$2.8 million, while imports amounted to US\$18.3 million. Most of Montserrat's imports came from the United States (33 percent) and the European Economic Community (32 percent). Exports went mainly to other Caribbean islands (59 percent) and to Western Europe (18 percent).

In the mid-1980s, communication and transportation networks in the British Virgin Islands were among the least developed in the Commonwealth Caribbean. The islands had about 3,000 telephones; interisland service was poor, although a submarine cable provided somewhat more reliable international connections. One

AM radio station on 780 kilohertz and a television transmitter using Channel 5 provided limited service on Tortola. The *Island Sun*, published weekly, was the British Virgin Islands' only local newspaper. There were just over 100 kilometers of surfaced roads, but they were generally narrow and in poor condition. Virgin Gorda and Road Town on Tortola had the only two paved airfields. Regularly scheduled flights linked Road Town with San Juan, Puerto Rico, and St. Thomas in the United States Virgin Islands. The port at Road Town could handle large ships. The islands had no railroads or inland waterways.

The communication and transportation systems on Anguilla were small but modern and met the needs of the island's population. The island had 890 fully automatic telephones with international service available. The government-owned Radio Anguilla broadcast on 1505 kilohertz; Caribbean Beacon, a religious organization, had strong transmitters on 690 and 1610 kilohertz and a small FM station on 100.1 megahertz. There were no television transmitters or local newspapers. About sixty kilometers of all-weather roads reached all areas of the island. Regularly scheduled flights from neighboring islands landed at Wallblake Airport on the south coast. Road Bay, on the north-central side of the island, was the principal port. The island had no rail or inland water facilities.

Communications on Montserrat were excellent. A subsidiary of Cable and Wireless, a British telecommunications firm, had just over 3,000 telephones with good islandwide and international service. The number of broadcast facilities, considering the size of the island, was quite high. Radio Montserrat, owned by the government, broadcast on 880 kilohertz. The commercial Radio Antilles had two FM transmitters on 99.9 and 104.0 megahertz, a station on 740 kilohertz that relayed Radio Canada programs in the evening, and a powerful transmitter on 930 kilohertz with programming in English and French that could be heard throughout the Eastern Caribbean (see Glossary). Deutsche Welle, the official short-wave service of West Germany, operated a relay on Montserrat for programming to the Western Hemisphere. The television station on Channel 7 could be received throughout the island as well as on Antigua and St. Kitts. No local newspapers were published.

Development of Montserrat's transportation infrastructure was hindered by the mountainous terrain. A 200-kilometer paved road ran along the west, north, and east coasts; 80 kilometers of gravel roads linked smaller villages. Plymouth was the island's principal port. The only airfield was about ten kilometers from Plymouth; it had regularly scheduled flights to neighboring islands. There were no railroads or navigable inland waterways.

The British Virgin Islands and Anguilla supplied electricity at the United States standard of 120 volts, whereas Montserrat used the European standard of 220 volts. Currencies in the territories varied. Although the British Virgin Islands was part of the British pound sterling system, the only currency in actual use was the United States dollar, a situation related to the territory's proximity to Puerto Rico and the United States Virgin Islands. Both Anguilla and Montserrat used the British-sponsored Eastern Caribbean dollar, although United States dollars circulated freely on Anguilla. The Eastern Caribbean dollar was pegged to the United States dollar at a rate of EC\$2.70 to US\$1.00 in 1987.

Government and Politics

The Governmental System

In the late 1980s, all three territories remained British dependencies. British officials were responsible for defense and foreign relations, and local elected officials were responsible for most internal affairs except security. As mentioned, the British Virgin Islands and Montserrat were crown colonies, and Anguilla was an associated state. Because of their links to Britain, all three territories were part of the Commonwealth of Nations (see Appendix B).

A new constitution was introduced in the British Virgin Islands in April 1967. An amended Constitution took effect on June 1, 1977, giving local citizens more extensive self-government. Under its terms, the British-appointed governor is responsible for defense and internal security, external affairs, terms and conditions of service of public officers, and administration of the courts. The governor also possesses reserved legislative powers over matters affecting his or her special responsibilities. There is an Executive Council, with the governor as chairman, one ex officio member (the attorney general), a chief minister (the leader of the elected members of the Legislative Council) who has responsibility for finance, and three other ministers (appointed by the governor on the advice of the chief minister). The Executive Council makes administrative decisions and oversees public agencies. Finally, there is a Legislative Council, consisting of a speaker (chosen from outside the council), one ex officio member (the attorney general), and nine members elected from single-member districts. The Legislative Council makes laws and ordinances. The voting age is eighteen. Elections are held at least once every five years.

Anguilla is administered under the Anguilla Constitution Order of 1982 and the Constitution, which took effect on April 1, 1982. Government arrangements are similar to those in the British

Virgin Islands. The British monarch is represented locally by a governor, who presides over the Executive Council and the House of Assembly. The governor is responsible for defense, external affairs, internal security (including the police), the public service, the judiciary, and the audit. On matters of internal security (including the police), the public service, and the appointment of an acting governor, however, the governor is required to consult the chief minister before making major decisions. The Executive Council consists of the chief minister and not more than three other ministers (appointed by the governor from the elected members of the House of Assembly) and two *ex officio* members (the attorney general and the permanent secretary for finance). The House of Assembly is elected for five years by universal adult suffrage and consists of seven elected members, two *ex officio* members (the attorney general and the permanent secretary for finance), and two other members who are nominated by the governor after consultation with the chief minister. There is provision for a speaker.

Montserrat's Constitution took effect on January 1, 1960. The territory is governed by a British-appointed governor and has its own Executive Council and Legislative Council. As in the other two territories, the governor is responsible for defense, external affairs, and internal security. The Executive Council consists of the governor as president, the chief minister and three other ministers, the attorney general, and the secretary for finance. The Legislative Council consists of a speaker chosen outside the council, seven elected members, two official members, and two appointed members.

The Eastern Caribbean States Supreme Court is the principal judicial body for all three territories. Appeals can be made to the Judicial Committee of the Privy Council in London.

Political Dynamics

The British Virgin Islands had a highly stable two-party system in the late 1980s. One observer has called the territory a haven of political tranquillity with little apparent interest in political activity, virtually immune to the political, social, and economic pressures that beset the region.

H. Lavity Stoutt, leader of the Virgin Islands Party (VIP), became the islands' first chief minister in April 1967. In a 1975 election, Stoutt's party and the rival United Party (UP) each won three of the seven elective seats on the Legislative Council. Willard Wheatley, then an independent, won the last seat and held the balance of power. He served as chief minister, with Stoutt as deputy chief minister.

In the first election held under the new Constitution (of June 1, 1977), in November 1979, independent candidates won five of the nine (increased from seven) elective seats, and the VIP won the other four. Stoutt became chief minister. In the November 1983 election, the VIP and the UP, the latter then headed by Wheatley, each gained four seats. The one successful independent candidate, Cyril Romney, became chief minister and formed a coalition government with the UP. In September 1986, Stoutt again became chief minister as the VIP captured a majority in the Legislative Council elections.

These transfers of power did not result in great changes in policy. There was real reluctance among the populace to discuss independence or constitutional change. Most citizens apparently preferred continued affiliation with Britain.

Since Anguilla's 1969 secession from St. Kitts and Nevis, politics on the island has been a contest between Ronald Webster, who led the secession, and his political rivals. In the mid-1980s, the territory's two major parties—the Anguilla Democratic Party (ADP) and the rival Anguilla National Alliance (ANA)—had no real policy differences. Both supported continued affiliation with Britain.

In the March 1976 House of Assembly elections, Webster, then head of the PPP, won and was appointed chief minister. In February 1977, Webster lost a motion of confidence, and Emile Gumbs replaced him as chief minister and as leader of the PPP (renamed the Anguilla National Alliance in 1980). Webster returned to power at the head of the recently formed Anguilla United Party in a May 1980 general election. In 1981, after political friction within the House of Assembly, Webster formed yet another party, the Anguilla People's Party (APP), and won that June's election. An early general election was held in March 1984, which resulted in the ANA's capturing of four of the seven House of Assembly seats. Evidently, Webster's plan to cut dependency on Britain by reducing British aid and increasing internal taxes had proved highly unpopular.

Gumbs became chief minister after the 1984 election and, under great popular pressure, abandoned Webster's tax plan. He then emphasized a policy of revitalizing the island's economy through tourism and foreign investment. Webster resigned from the leadership of the APP, since renamed the Anguilla Democratic Party (ADP). New party leader Victor Black vowed to resist any attempt by Webster to regain control of the ADP.

Although the majority of the population expressed no desire for independence, in 1985 the new government did request and was granted wider powers for the Executive Council. It also asked Britain for more aid and investment.

Anguillians have traditionally had high economic expectations and until the mid-1980s strongly favored economic development. At that point, doubts arose over three issues. One was the uncontrolled growth of foreign-owned villas, which caused soaring beachside real estate prices. Anguilla responded with strict height and size regulations and new restrictions on expatriate land sales. Second, debate raged over whether or not to allow casino operations. One minister resigned over the proposal, and it appeared that casino development would not proceed in deeply religious Anguilla. Finally, the island increased offshore financial activity, only to find fee income low and both the British Treasury and the United States Internal Revenue Service concerned about suspect operations, particularly the "laundering" of money from drug trafficking.

In September 1984, a United Nations (UN) decolonization mission made one of its periodic visits to assess island attitudes toward possible independence. Summarizing current sentiments on Anguilla, the mission noted general dissatisfaction with economic conditions and the limits of self-rule under the existing Constitution. Nevertheless, the report concluded: "While independence remains an ultimate aim for Anguilla, there was a genuine apprehension among the people of the territory that independence without a substantial measure of economic viability might, in fact, place Anguilla in a new situation of external dependence on one land or another."

In the 1970s and 1980s, Montserratian politics were dominated by Austin Bramble, leader of the Progressive Democratic Party (PDP), and John Osborne, head of the People's Liberation Movement (PLM). Bramble served as chief minister for eight years beginning in 1970. In November 1978, however, he was replaced by Osborne as the PLM captured all seven elective seats in the Legislative Council. Osborne's control of the chief minister's post was ratified on two subsequent occasions. The PLM won five seats in the February 1983 election and four in the August 1987 election. The latter ballot marked the first electoral effort of the National Democratic Party (NDP). The NDP, which was headed by Bertrand Osborne, won two seats on the Legislative Council.

Although personality issues appeared to dominate Montserratian politics, some policy distinctions among the parties could be identified. The PLM supported independence, a position rejected by both the PDP and the NDP. In the 1970s and early 1980s, the only party advocating independence was the United National Front, a small movement headed by George Irish, leader of the Montserrat Allied Workers Union. In 1984, however, John Osborne startled Montserratians by suddenly calling for independence. Osborne's

proposal was rooted in his anger over the British veto of Montserrat's participation in the Caribbean Peace Force dispatched to Grenada. Although intervention in Grenada was popular with most citizens on Montserrat, independence was not. As a consequence, Osborne promised that no decision on independence would be made until a referendum was held.

The PLM, PDP, and NDP also differed on economic development strategies. In the early 1980s, the government unveiled a multimillion-dollar casino and hotel development plan for the northern side of the island. The plan was strongly criticized by the PLM's opponents, who argued unsuccessfully that the measure should be put to a referendum. The situation became quite complicated in 1984 when two different Miami-based development companies each claimed that they had been granted rights to the casino and hotel project. In a strange twist, Bramble and his brother were arrested by the Palm Beach, Florida, police on burglary charges, while allegedly seeking a videotaped deposition on the matter made by a government official. In mid-1987 the PDP and the NDP were accusing the government of mismanaging the development project and the overall economy.

Foreign Relations

Britain continued to handle the external affairs of all three territories. Relations with neighboring islands were generally good, although Anguilla remained wary of St. Kitts and Nevis.

The three territories belonged to various international and regional associations. The British Virgin Islands belonged to the Commonwealth of Nations and the CDB and was an associate member of the Organisation of Eastern Caribbean States (OECS—see Glossary). Anguilla also was a member of the Commonwealth, the Caribbean Association of Industry and Commerce, the Eastern Caribbean Central Bank (ECCB), and the Civil Aviation Authority. Some other islands had objected to Anguilla's joining the ECCB, alleging that the free market in United States dollars that existed on Anguilla was a major contributor to foreign exchange leakage from the region using the Eastern Caribbean dollar, the common currency used by OECS members as well as Anguilla and Montserrat. Anguilla's attempt in 1984 to join the OECS was rejected. Montserrat belonged to the ECCB, as well as the Commonwealth, the International Conference of Free Trade Unions, the Caribbean Association of Industry and Commerce, the Caribbean Community and Common Market (Caricom—see Appendix C), the UN Economic Council for Latin America, and the CDB. It was also a full member of the OECS.

National Security

Police forces in the three territories were small and under British control. The British Virgin Islands Police Force consisted of a chief of police, ninety-six police officers, and three civilian officers. Most of the police were native British Virgin Islanders. The headquarters was in Road Town on Tortola. In addition to the usual crime prevention and law enforcement activities associated with a police force, the police in the British Virgin Islands were responsible for firefighting. They also operated one marine patrol craft and two launches for use in enforcing the three-nautical-mile territorial limit of the islands, for fishery protection, and for anti-smuggling and antidrug operations.

The Anguilla Police Force was formed in 1972 to replace a detachment of the London Metropolitan Police that had served on the island since 1969, when the island seceded from the St. Kitts-Nevis-Anguilla union. In the 1980s, the force was headed by a chief of police, who reported to the minister of home affairs. There were eighty police officers, as well as special officers who could be deputized as necessary. The force's formal duties included national security, and, as such, it operated two ships for fishery protection and antismuggling operations. Most officers were native Anguillians, but some were recruited in St. Vincent and the Grenadines. Headquarters was in The Valley. The British operated the criminal justice system.

The Royal Montserrat Police Force had eighty to ninety members commanded by a chief of police. As in Anguilla, the Montserratian force was responsible for enforcing the territorial waters limit and for fishery protection. On Montserrat, these duties were the specific responsibility of the Marine Police, which had the use of one marine patrol craft.

No insurgencies or mass-based antigovernment groups existed in these three territories in the late 1980s. Strikes occasionally occurred over wages and related issues, but political strikes appeared nonexistent. Since the British government retained responsibility for defense, British Army units would undoubtedly be brought in to handle any serious domestic unrest.

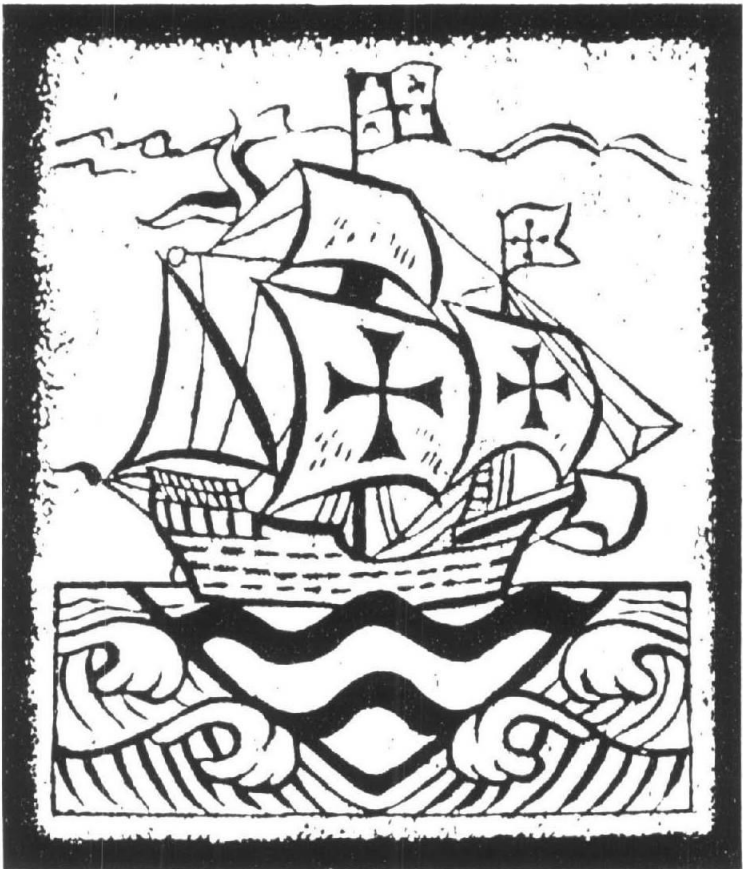
Britain maintained no army or naval units in the dependencies. The closest British Army forces were in Belize. Although Montserrat and the British Virgin Islands were members of the OECS as of 1987, neither had joined the Regional Security System (RSS). Montserrat also refrained from participating in OECS voting in late October 1983 to support the United States-Caribbean intervention in Grenada (the British Virgin Islands was not yet a member

of the OECS). Furthermore, paramilitary forces from these territories were unlikely to participate in any proposed regional post-Grenada defense and security arrangements, since Britain had opposed such involvement by its dependent territories. Nevertheless, the British Virgin Islands were in the area patrolled by the United States Coast Guard forces based in the United States Virgin Islands (see Current Strategic Considerations, ch. 7).

* * *

In 1987 there were few works that focused solely on the British Virgin Islands, Anguilla, or Montserrat. The most useful sources of information on these islands can be found in a series of yearbooks and in compendium discussions of all the Caribbean islands. *The Caribbean Handbook*, edited by Jeremy Taylor, is one of the most comprehensive discussions of all of the Caribbean islands. Included in each country's profile are sections on history, commerce, finance, government, and general business regulations. *The Europa Year Book* provides current data and background, and the *Latin America and Caribbean Review* (published yearly), edited by Richard Green, is an excellent source on economic and political events of the past year. Current events can be followed through the monthly British newsletter, *Latin American Monitor: Caribbean*. Useful business information can be found in the *Business Traveller's Handbook*, edited by Jane Walker. Two works by residents of the islands also are worth noting. Colville Petty's *Anguilla: Where There's a Will There's a Way* presents an Anguillian view of the break with St. Kitts and Nevis. H.A. Fergus's *Montserrat: Emerald Isle of the Caribbean* describes day-to-day life on Montserrat. (For further information and complete citations, see Bibliography.)

Chapter 6. The Northern Islands



Spanish caravel bound for the New World

THE NORTHERN ISLANDS is a term of convenience used in this study to refer to the independent Commonwealth of the Bahamas and two British dependent territories, the Cayman Islands and the Turks and Caicos Islands. All three are located in the northern Caribbean Basin. Both the Bahamas and the Turks and Caicos Islands form part of the Bahamas archipelago, which extends 80 kilometers southeast of Florida to approximately 150 kilometers north of Haiti and the Dominican Republic. The Cayman Islands lie approximately 150 kilometers south of Cuba and 290 kilometers northwest of Jamaica.

All three island groupings share a similar historical development. Christopher Columbus most likely made his first landfall in the New World on a Bahamian island, although exactly where has been debated for years. He discovered the Cayman Islands on his third voyage in 1503. Although Ponce de Leon is said to have discovered the Turks and Caicos in 1512, some historians still speculate that Columbus landed on one of these islands during his first voyage in 1492. In mid-1987 preparations were underway for the celebration of the quincentenary of the discovery of the New World; replicas of Columbus's ships were being constructed in Spain to recreate the historic transatlantic voyage in 1992. The ships were scheduled to drop anchor in the Bahamas on October 12 of that year, focusing world attention on the small Caribbean nation.

The islands shared common political linkages at various times in the nineteenth and twentieth centuries. The Turks and Caicos formed part of the Bahamas in the first half of the nineteenth century. By the second half of the nineteenth century, both the Turks and Caicos and the Caymans were Jamaican dependencies and remained so until Jamaican independence in 1962. At that time, both sets of islands became separate British colonies, a status that they retained as of the late 1980s. The Bahamas, which became a British colony in the mid-seventeenth century, attained independence as a sovereign nation in 1973. In the late 1980s, all three island groupings maintained membership in the British Commonwealth of Nations (see Appendix B).

The Bahamas dwarfs both the Caymans and the Turks and Caicos in area, population, and gross domestic product (GDP—see Glossary). Despite differences, these three societies shared several common social and economic characteristics in the late 1980s. The populations of all three groupings had a strong African heritage.

Islands of the Commonwealth Caribbean

Tourism and financial services were major elements of the domestic economies in all three island groupings. The Bahamian and Caymanian economies were particularly developed in these two sectors, resulting in relatively high per capita income for the region and for the developing world in general. The economy of the Turks and Caicos lacked the necessary infrastructure to exploit these activities fully; however, it was steadily establishing important tourist and financial service sectors in the mid-1980s with the help of British investments.

Finally, all three island groupings were affected in the 1980s by drug trafficking. Both the Bahamas and the Turks and Caicos became transit points for traffickers from South America; in addition, both societies experienced severe social and political crises resulting from drug-related corruption. Traffickers were also believed to have laundered funds in Caymanian banks. This major international problem was being addressed throughout the area under pressure and with assistance from the United States.

The Bahamas

Official Name	Commonwealth of the Bahamas
Term for Citizens	Bahamian(s)
Capital	Nassau
Political Status	Independent, 1973
Form of Government	Parliamentary democracy and constitutional monarchy

Geography

Size	13,934 sq. km.
Topography	Flat, low-lying islands
Climate	Semitropical

Population

Total estimated in 1986	235,000
Annual growth rate (in percentage) in 1973-83	2.1
Life expectancy at birth in 1984	69
Adult literacy rate (in percentage) in 1984	93
Language	English; some Haitian creole
Ethnic groups	Black (85 percent), white (15 percent)
Religion	Primarily Anglican, Baptist, or Roman Catholic

Economy

Currency; exchange rate	Bahamian dollar (B\$); B\$1.00 = US\$1.00
Gross domestic product (GDP) in 1985	US\$1.8 billion
Per capita GDP in 1985	US\$7,822
Distribution of GDP (in percentage) in 1985	
Tourism	70
Industry	10
Banking and finance	7
Other services	8
Agriculture	5

National Security

Armed forces personnel	531
Paramilitary personnel	0
Police	1,447

The Bahamas

The Bahamas stands out among the Commonwealth Caribbean nations because of its relative wealth and prosperity, political stability, and close proximity to the United States. The Bahamas also bears the distinction of being the first of the Caribbean islands discovered by Columbus in 1492 on his first transatlantic voyage in search of a new route to India. Several islands in the Bahamas have been named as Columbus's first landing site in the Caribbean, but until very recently, Watling Island was the most widely accepted location; in 1926 it was renamed San Salvador, the name bestowed by Columbus himself. In 1986, however, after an extensive five-year investigation, a National Geographic Society team announced that Samana Cay, a small isolated island in the far eastern Bahamas, was the most probable location of Columbus's first landfall.

Upon his arrival, Columbus encountered natives known as Lucayans, related to the Arawak Indians (see *The Pre-European Population*, ch. 1). Within a quarter of a century, however, the Lucayans had been decimated, the result of diseases brought by the Europeans and of having been forced to work in the mines of Hispaniola (the island containing present-day Haiti and the Dominican Republic). For the next century, the Bahamas was a forgotten colony. Attention was focused instead on the mineral wealth of the other Caribbean islands.

The first permanent settlement was not established until 1649, when Puritans from the English colony of Bermuda founded Eleuthera, which in Greek means "place of freedom." The colonists, known as Eleutheran Adventurers, set out to establish a colony where they could practice their religion freely, as in the colonies settled by the Pilgrims in New England. In 1666 other English settlers established a colony on New Providence and founded Charlestown, which was renamed Nassau near the end of the seventeenth century. Throughout the seventeenth century, the islands served as a favorite base for pirates, but after the era of piracy came to a close in 1718, commerce was restored to the settlement.

British loyalists and their slaves arrived from the mainland colonies in the wake of the British defeat in the American Revolution. In the 1780s, the population of New Providence tripled, and the first substantial settlement was made on Great Abaco Island. Cotton plantations were established as the southern life of the North American mainland colonies was reproduced in the Bahamas. However, the Abolition of Slavery Act of 1833 and the termination

of post-abolition apprenticeships and indentured servanthood in 1838 marked the end of slavery in the Bahamas (see *The Post-Emancipation Societies*, ch. 1). The Bahamian economy prospered during the United States Civil War, as Nassau served as an important base for blockade-running by the Confederate States. The war's end, however, set in motion an economic tailspin that lasted for the next half-century. Little economic development occurred other than in the areas of sponging, pineapple cultivation, and tourism.

The passage of the Volstead Act (Prohibition Act) by the United States in 1919 was a bonanza for the Bahamas. The islands served as a base for United States prohibition runners, and the port of Nassau became congested once again. The introduction of commercial aircraft in the 1930s enabled the Bahamas tourism sector to develop as a mainstay of the nation's economy. The development of tourism helped mitigate the combined impact of the United States repeal of prohibition in 1933 and a marine disease in 1938 that devastated the sponging industry. During World War II, the Bahamas prospered as Britain established two air force bases on the islands; the Royal Air Force set up a bomber base to ferry new airplanes to European combat zones and to operate a training school for flight and antisubmarine operations in the Caribbean.

After World War II, the Bahamas developed economically and politically. The nation began to exploit its tourism sector more fully; by the end of the 1940s, tourism had become the principal business. In the 1960s, the nation also developed into an international finance center because of taxation and foreign capital movement legislation in the United States and Western Europe. In 1987 tourism and banking remained the two most important economic sectors in the Bahamas.

The Bahamas also underwent a major political transformation in the postwar era. The first political parties and trade union federations were founded in the 1950s. In 1964, after more than two centuries of British colonial rule, constitutional changes were negotiated at a conference in London; a new constitution replaced the nation's old representative government with a premier (the preindependence title for prime minister) and a cabinet. In 1967 a bicameral legislature was established, and the first independent government was elected. Full internal self-government was achieved with the signing of the 1969 constitution; and the name of the colony was officially changed to the Commonwealth of the Bahamas. A final constitutional conference was held in 1972, paving the way for national independence. On July 10, 1973, the new independence Constitution was presented to Prime Minister Lynden O.

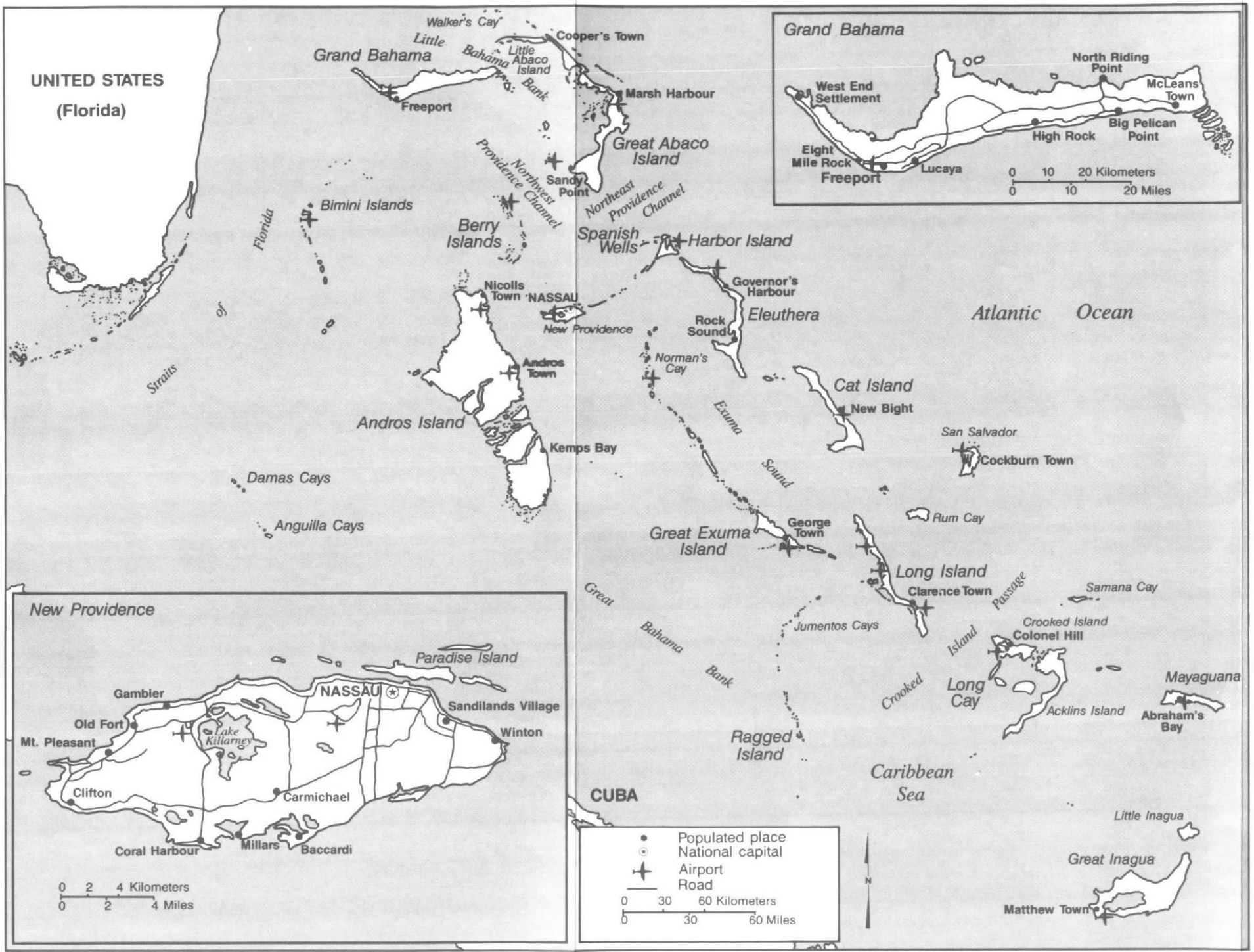


Figure 18. The Bahamas, 1987

Pindling by Prince Charles on behalf of Queen Elizabeth II; with that, the Bahamas became a sovereign independent nation.

Geography

The Bahamas is an archipelago of approximately 700 flat, low-lying islands in the western Atlantic Ocean (see fig. 1). It extends from eighty kilometers east of Florida to eighty kilometers north-east of Cuba. In addition to the United States and Cuba, neighbors of the Bahamas include Haiti and the Turks and Caicos Islands; both are located to the southeast of the Bahamas. The Tropic of Cancer runs through the middle of the archipelago, passing across the lower part of Great Exuma Island and the upper part of Long Island. Although the total land area of the archipelago is 13,934 square kilometers, slightly larger than New Jersey and Connecticut combined, the islands are sprawled over an area of approximately 259,000 square kilometers (see fig. 18; table 6, Appendix A).

The islands are surface projections of two oceanic banks, the Little Bahama Bank and the Great Bahama Bank. The highest point is only sixty-three meters above sea level on Cat Island; the island of New Providence, where the capital city of Nassau is located, reaches a maximum elevation of only thirty-seven meters. The land on the Bahamas has a foundation of fossil coral, but much of the rock is oolitic limestone; the stone is derived from the disintegration of coral reefs and seashells. The land is primarily either rocky or mangrove swamp. Low scrub covers much of the surface area. Timber is found in abundance on four of the northern islands: Grand Bahama, Great Abaco, New Providence, and Andros. On some of the southern islands, low-growing tropical hardwood flourishes. Although some soil is very fertile, it is also very thin. Only a few freshwater lakes and just one river, located on Andros Island, are found in the Bahamas.

The climate of the archipelago is semitropical and has two seasons, summer and winter. During the summer, which extends from May through November, the climate is dominated by warm, moist tropical air masses moving north through the Caribbean. Midsummer temperatures range from 21°C to 34°C with a relative humidity of 60 to 100 percent. In winter months, extending from December through April, the climate is affected by the movement of cold polar masses from North America. Temperatures during the winter months range from 15°C to 24°C.

Yearly rainfall averages 132 centimeters and is usually concentrated in the May-June and September-October periods. Rainfall often occurs in short-lived, fairly intense showers

accompanied by strong gusty winds, which are then followed by clear skies.

Winds are predominantly easterly throughout the year but tend to become northeasterly from October to April and southeasterly from May to September. These winds seldom exceed twenty-four kilometers per hour except during hurricane season. Although the hurricane season officially lasts from June to November, most hurricanes in the Bahamas occur between July and October; as of late 1987, the last one to strike was Hurricane David in September 1979. Damage was estimated at US\$1.8 million and mainly affected agricultural products. The most intense twentieth-century hurricane to strike the Bahamas was in 1929; winds of up to 225 kilometers per hour were recorded. Many lives were lost, and there was extensive damage to buildings, homes, and boats.

Population

According to the 1980 census, the Bahamas had a population of 209,505. Unofficial estimates in mid-1986 placed the population at 235,000. Census data indicated that 64.6 percent of the population lived on the main island of New Providence and another 15.8 percent on Grand Bahama. The remaining inhabitants were spread out among the numerous outlying islands known as the Family Islands or Outer Islands. Between 1973 and 1983, the average annual population growth rate in the Bahamas was 2.1 percent; however, this rate masked wide variations across the islands. New Providence and Grand Bahama showed major increases of 32.8 percent and 27.6 percent, respectively; modest increases were also experienced in Great Abaco Island (12.6 percent) and in Eleuthera, Harbour Island, and Spanish Wells as a group (11.6 percent).

Nevertheless, a majority of the islands actually experienced a decline in their populations. Prominent losses were recorded in Acklins Island (34.2 percent), Ragged Island (29.8 percent), and Crooked Island (25 percent). Census figures confirmed not only a sizable interisland migration pattern to New Providence and Grand Bahama but also an intraisland migration from the older city areas to the suburban areas. The latter trend was particularly evident in New Providence.

Ethnically, some 85 percent of the population was black. Most were descendants of slaves imported directly from North Africa or brought by British loyalists who escaped from the North American colonies at the conclusion of the American Revolution. Approximately 15 percent of the population was white, mainly originating from early British and North American settlers, especially from the Carolinas, New York, and Virginia. Included

in the 15 percent was a small Greek community, the descendants of Greeks who came to the Bahamas as sponge fishermen.

A growing number of illegal Haitian immigrants were also found in the Bahamas; according to the United States Department of State's *Country Reports on Human Rights Practices for 1985*, this number was estimated at 20,000 to 40,000. The Haitians primarily filled employment vacancies at the bottom of the Bahamian economy; many were gardeners, domestics, and farm laborers. Although English was the official language of the country, some creole was spoken among these Haitian immigrants. A September 1985 treaty signed between the Bahamas and Haiti legalized the status of undocumented Haitians who had arrived prior to 1981; others were to be repatriated in an orderly and humane manner. In 1986 more than 2,000 were repatriated under the treaty, but the legalization process of Haitians eligible for citizenship had not yet begun.

The Bahamas was predominantly a Christian country. In the late 1980s, the principal denominations were Anglican, Baptist, and Roman Catholic. In addition to the Anglican and Baptist churches, the Protestant presence included Christian Scientist, Church of God, Lutheran, Methodist, Plymouth Brethren, Presbyterian, Seventh-Day Adventist, and Jehovah's Witnesses congregations; many of the smaller sects adhered to an evangelical perspective. Small Greek Orthodox and Jewish communities also were present in the Bahamas. Many of the country's independent schools were affiliated with churches and included Anglican, Methodist, and Roman Catholic institutions.

Education

Education in the Bahamas was mandatory between the ages of five and fourteen. In early 1987, the Ministry of Education was responsible for 226 schools, 83.2 percent of which were run by the government and 16.8 percent of which were independent. New Providence claimed 38 government schools and 13 independent schools; the Family Islands and Grand Bahama had 150 government schools and 25 independent schools. Schools were classified into three major categories: primary schools for children ages five to ten; secondary schools for ages eleven to seventeen; and all-age schools. In general, schools in the Family Islands were for all ages because of long distances to residences; in New Providence and Grand Bahama, students were most often separated by age. In 1985 the Bahamas reported a school population of 60,355, approximately 77 percent of whom attended government-run schools and 23 percent, private schools. Education was free in government schools. Many independent secondary schools were referred to as colleges.

Since the 1960s, the government has made a substantial effort to improve the country's education system. Government expenditures on education rose from 10.7 percent of total government expenditures in 1955 to a high of 25 percent in 1974 but declined to 17.4 percent in 1984. The ratios of students to staff improved steadily from thirty-four to one in 1976 to twenty-one to one in 1983. The literacy rate in 1984 was estimated at 93 percent. Primary-school enrollment increased from 78 percent in 1970 to 99 percent in 1983.

Despite these significant achievements, educational problems remained. The *Country Reports on Human Rights Practices for 1985* indicated that there was "a weakening of education in the public school system as a result of shortages of teachers, equipment, and supplies as well as the physical deterioration of many schools." The Ministry of Education itself admitted that the results of national tests taken by students in 1985 demonstrated "serious deficiencies" throughout the education system. In the mid-1980s, the government increased emphasis on technical and vocational training.

The College of the Bahamas opened its doors in 1974; the government-owned institution offered a two- or three-year program leading to an associate degree in one of six academic divisions. In the spring of 1986, the college reported an enrollment of 1,834. The college offered programs in conjunction with the University of Miami. In addition, since the 1960s the Bahamas also had been associated directly with the University of the West Indies (UWI), which, with its three campuses in Barbados, Jamaica, and Trinidad and Tobago, served much of the English-speaking Caribbean. The UWI also had a hotel and tourism management program in the Bahamas. In addition to these local and regional colleges, many Bahamians attended institutions of higher learning in the United States, Canada, and Britain.

Health and Welfare

The Bahamas in general had a healthy population in the mid-1980s. Substantial progress had been made in the country's health care over the previous two decades, as indicated by several life expectancy indicators. By 1984 the crude death rate had declined to a low of 5.1 per 1,000 inhabitants, and life expectancy at birth was estimated at 69 years. The infant mortality rate in 1985 was measured at a low 27.5 per 1,000 live births. Specific health-related data revealed a 9.5-percent increase in the number of hospital beds from 1974 to 1983; the ratio of population to hospital beds also improved from 260 to 1 to 234 to 1 over the same period. From 1970 to 1983, the ratios of population to doctors and nurses



*One-room schoolhouse,
Great Guana Cay,
Great Abaco Island
Courtesy John F. Hornbeck*



*Community telephone,
Great Guana Cay,
Great Abaco Island
Courtesy Ethel S. Hornbeck*

improved from 1,630 to 1 to 1,018 to 1 and from 260 to 1 to 234 to 1, respectively.

The Ministry of Health was responsible for setting national health policies and for implementing health programs. A tiered network of private and public health facilities made up the national health sector; referral linkages existed among the different facilities. The country's three government-run hospitals were the Princess Margaret Hospital in Nassau, a 484-bed general hospital; the Sandilands Rehabilitation Centre on New Providence, consisting of a 158-bed geriatric facility and a 259-bed psychiatric facility; and the Rand Memorial Hospital on Grand Bahama, a 74-bed general hospital. In addition, Rassin Hospital, in Nassau, was a privately run general hospital with twenty-six beds. In the Family Islands, primary health care was delivered through a network of public health centers and clinics staffed by physicians, dentists, community nurses, midwives, and health aides. In 1984 the Family Islands' nineteen health districts contained twelve health centers, thirty-four main clinics, and forty-six satellite clinics staffed by nineteen physicians, three dentists, and eighty-three nurses. Patients in the Family Islands requiring additional medical assistance were flown to Princess Margaret Hospital. Most Bahamian doctors and dentists received their degrees from schools in Britain, Canada, or the United States.

In 1982 the major causes of death in the Bahamas were, in descending order of incidence: cancer, heart disease, accidents and violence, bronchitis, emphysema and asthma, cerebrovascular diseases, and diseases originating in the perinatal period. A comprehensive system of inoculation was responsible for the nonoccurrence of many infectious and parasitic diseases, including typhoid, poliomyelitis, diphtheria, pertussis, and tetanus. Some cases of tuberculosis, hepatitis, and malaria were reported among Haitian refugees living in close quarters, but no major outbreaks had occurred in the general population. According to a 1986 World Bank (see Glossary) report, no major malnutrition problems were recorded. The report also indicated that the country had begun to experience diseases normally associated with developed countries, such as diabetes and hypertension. The Ministry of Health reported fifty-six cases of acquired immune deficiency syndrome in 1985 and thirty-four cases in the first half of 1986.

Most of the islands had potable drinking water from underground wells. Access to piped water was highly uneven. Estimates in 1976 indicated that all urban residents, but only 13 percent of the rural population, had access to such a service. New Providence experienced particular difficulty in satisfying its fresh water needs.

It supplemented its ten underground well fields with distilled sea water and received fresh water shipped from nearby Andros Island. Nearly 20 percent of New Providence's fresh water in 1983 was barged in from Andros Island. Septic tanks and drainage pits required waste water removal in some lowland areas.

In the late 1980s, the country faced a growing housing shortage. A 1986 World Bank study noted that "new housing production over the past decade has been below required levels, creating a backlog of housing demand, particularly for the lower income groups." The report also noted that considerable rehabilitation on existing dwellings was needed. Forty percent of all housing was in average to poor condition, and two out of three households did not have water piped into the dwelling. The government became increasingly involved in housing via this rehabilitation effort, new construction of urban public housing, private construction incentive grants, and construction loans.

In 1974 the government introduced the country's first national social insurance program; the system provided benefits to qualified contributors for retirement, disability, sickness, maternity, funeral expenses, industrial benefits, and survivor's assistance. Non-contributory assistance was available for old-age pensions, survivor's benefits, and disability. Total contributions rose steadily from a low of US\$700,000 in 1975 to an estimated US\$11.3 million in 1982. Most of these benefits were paid out for noncontributory old-age pensions.

Economy

In the mid-1980s, the Bahamas was classified as an upper middle-income developing country and ranked among the wealthiest nations in the Caribbean region. Tourism was the nation's primary economic activity. In 1986 the World Bank reported that tourism directly and indirectly accounted for approximately 50 percent of employment. Tourism's share of the gross domestic product (GDP—see Glossary) was estimated at 70 percent by the United States Department of Commerce.

In order to lessen the economy's dependency on tourism, the government has followed a policy of diversification since the 1970s, emphasizing development in the industrial and agricultural sectors. Success, however, has been limited. The nation experienced setbacks in the early 1980s with the closing of steel and cement plants and oil refineries. Because industries locating in the Bahamas tended to be capital intensive, the industrial sector's share of the labor force was estimated at just 6 percent in 1979. Industry's share of GDP was estimated at about 10 percent in the mid-1980s.

The agricultural sector (including fishing) also employed only about 6 percent of the labor force in the early 1980s. Despite various programs to boost production, the World Bank estimated that agriculture in the Bahamas accounted for less than 5 percent of GDP in 1986. The nation's banking and finance sector experienced significant growth in the 1970s and 1980s. This sector contributed approximately 7 percent to GDP in the mid-1980s but employed only about 3,000 Bahamians.

The overall performance of the economy during the past several decades has been positive. In the 1960s, the country recorded robust economic growth; growth rates averaged 9 percent annually as direct foreign investment spurred the development of tourism. Economic performance in the 1970s was not as successful. The international economic recession caused a reduction in investment, especially after the 1973 and 1979 oil price shocks. Bahamian independence in 1973 also caused a certain amount of uncertainty, contributing further to reduced foreign investment. Toward the end of the decade, however, economic performance improved, led by growth in tourism; investment soon followed suit, resulting in a boom in the construction sector and an increase in employment levels.

The economy continued to perform well in the early and mid-1980s. Real GDP growth in the 1980-84 period averaged 3 percent. The only notable setback occurred in 1981, when recession in the United States resulted in a decline in stopover visitors (hotel occupants rather than cruise ship or day visitors) and the manufacturing sector was hurt by the closing of several plants; real GDP for that year fell by 9 percent. Tourism recovered quickly, however. In 1982 about 1.7 million foreign tourists visited the Bahamas, and by 1986 that figure had grown to 3 million. GDP was US\$1.8 billion in 1985, and per capita GDP was estimated at US\$7,822.

The nation was not without economic problems. Growth and development were not uniform throughout the country. Most development occurred in New Providence and Grand Bahama, causing significant migration from the Family Islands to these two urban centers. This migration strained the infrastructure and social sectors of New Providence and Grand Bahama. The government also was faced with the heavy burden of spreading facilities and services throughout the Family Islands. A second problem of the Bahamian economy was its dependence on a single sector, tourism; that sector's well-being was in turn affected by the economy in the United States, the source of most tourists. To reduce this dependency, the government actively pursued a policy of diversification.

Finally, the country was afflicted with the problem of structural unemployment; in 1986 unemployment levels were estimated in the 17- to 22-percent range. Industrial development tended to be capital intensive because of a high wage structure and a scarcity of technically skilled labor.

Tourism

As already indicated, tourism has been the motor of the Bahamian economy for the past several decades; the nation's geography, including its climate, natural beauty, and proximity to the United States, have made it a prime tourist spot. Tourism is the major determinant of the well-being of the Bahamian economy and has maintained steady growth since World War II. The government has successfully implemented policies to increase private confidence and investment in the sector. It has transformed tourism into a year-round industry, overcoming the seasonal fluctuation of demand by aggressively promoting specialized summer tourist attractions. In 1986 the World Bank estimated that the Bahamas accounted for 20 percent of stopover visitors in the Caribbean region as well as having a large share of cruise ship passenger arrivals.

The Bahamas achieved record high levels of foreign visitors in 1985 and 1986 with 2.6 and 3 million visitors, respectively. The statistical breakdown of foreign arrivals in 1985 included 52 percent stopover visitors, 43 percent cruise ship arrivals, and 5 percent day visitors. Total tourist expenditures in 1985 amounted to US\$870 million. Most of the expenditures were attributed to stopover visitors, who accounted for 92 percent of the total in 1984; by contrast, cruise ship passengers accounted for just 6.6 percent of total visitor expenditures in that year.

The major tourist centers were New Providence (Nassau, Cable Beach, and Paradise Island) and Grand Bahama (Freeport). Fifty-eight percent of stopover visitors in 1984 went to New Providence, 25 percent to Grand Bahama, and 17 percent to the Family Islands. Most of the tourist growth in the mid-1980s occurred in New Providence. Grand Bahama experienced a steady decline in tourist arrivals, reaching a five-year low in 1984, whereas the Family Islands had a steady flow of tourists. The average length of stay for stopover visitors had declined substantially from 7.14 days in 1980 to 6.46 days in 1984, reflecting the trend toward short package vacations of three to four days.

The government was actively involved in the tourist sector in the mid-1980s. The government-owned Hotel Corporation of the Bahamas, established in 1974, had seven major hotels (four in Nassau and three in Freeport). All were managed by international

hotel management companies. The Hotel Corporation also owned a golf course, a marina, and four casinos (two in New Providence and two in Grand Bahama). In 1983 the corporation completed work on a new 700-room hotel at Cable Beach with a convention center and a casino.

The Ministry of Tourism marketed and monitored tourist services; a World Bank study labeled it one of the most effective tourist ministries in the world. In addition to its headquarters in the Bahamas, the ministry also operated offices in nine cities in the United States, three in Canada, and three in Western Europe. Bahamasair, the national airline, provided the only scheduled interisland air service. Competing with several airlines in the North American market, Bahamasair managed to control over 25 percent of North American routes to the Bahamas.

Since its development after World War II, the tourist industry has been dependent on the North American market. In the early 1980s, this dependency increased further. Between 1980 and 1984, Canada's and Western Europe's percentage share of the market decreased. The major factor in the increased United States share of tourist trade was the strong value of the United States dollar, to which the Bahamian dollar was pegged. Bahamian vacations for Canadians and West Europeans became all the more expensive. This dependency on the United States for tourist receipts made the Bahamian economy quite vulnerable to downturns in the United States economy. A 1986 World Bank study indicated the strong relationship between the performance of the tourism sector and the performance of the United States economy. A decline in the strength of the United States dollar has boosted the Canadian and West European share of the market, but continued benefits along these lines depend on the capability of the Ministry of Tourism to tap those markets effectively. To this end, the ministry maintained offices in Canada and Western Europe.

In late 1986, the government's plans for improvements in the tourist sector included programs to improve marketing and infrastructure and to work toward balanced growth of tourism to the Family Islands. A multimillion-dollar marketing campaign was planned, followed by the launching of a national magazine campaign across North America. Major tourist infrastructure programs included improvements to Nassau International Airport and Nassau Harbour and upgrading of docks and airports in key Family Islands. The government also planned to bring more cruise ships to the Family Islands to tap the potential of these underutilized tourist spots.



*View of downtown Nassau and Nassau Harbour
Courtesy Mark P. Sullivan*

Banking and Finance

The second most important Bahamian economic activity in the late 1980s was banking and finance. The nation's proximity to Miami and its location in the same time zone as New York City enhanced these activities. A large number of trust and finance companies and investment firms were established in the 1950s, following the imposition of restrictive finance laws in many industrialized countries. Enactment of regulations in the Bahamas in 1965, however, provided for the licensing and supervision of the banking industry, cutting back drastically the number of financial institutions. Steady growth took place after 1967, the only setback occurring in the mid-1970s following the formation of the Central Bank of the Bahamas. The new Central Bank increased its monitoring of the industry.

By the end of 1985, there were 374 banking and trust institutions registered in the Bahamas. Of these, 270 were permitted to deal with the public; 96 were restricted to dealing with or on behalf of certain people or companies; and 8 held nonactive licenses. Of these 270 public financial institutions, 134 were Eurocurrency (see Glossary) branches of banks in Western Europe, Hong Kong, the United States, or South America; 84 were subsidiaries of finance institutions based outside the Bahamas; 33 were Bahamas-based banks or trust companies; 10 were officially designated to deal in

gold and in Bahamian and foreign currencies; and only 9 were trust companies designated to act as custodians and dealers in foreign securities.

The proliferation of financial institutions encouraged the development of ancillary services such as accounting, computing, and law. It also required the installation of an advanced telecommunications system, a development that benefited other economic sectors as well.

Several factors combined to make the Bahamas a significant center of finance in the late 1980s. First, the country had tax-haven status: no taxes on income, profits, capital gains, or inheritance. Second, the Bahamas offered liberal legal provisions for the registration and licensing of financial institutions and bank secrecy laws. Third, the Bahamas benefited from its stable political climate. Finally, it offered investors the convenience of geographic proximity to the United States. In January 1985, the financial sector was strengthened by the adoption of a code of conduct that gave the Central Bank a more supervisory role over the banking system. The main purpose of the code was to prevent money laundering. Large cash transactions were prohibited, unless they were made by well-established customers. Lawyers and accountants could no longer sign over accounts of offshore customers without approval of the Central Bank.

Following the example of the banking and finance sector, other offshore activities also gained importance in the mid-1980s. Although liberal legislation for ship registration was passed in 1976, the Bahamas did not attract a major shipping industry until the 1980s. By December 1985, a total of 370 ships were registered, representing 5 million gross tons; in 1987 the Bahamas was the third largest flag-of-convenience nation behind Liberia and Panama. An even younger Bahamian industry was offshore insurance and reinsurance. Legislation was passed in 1983 to remove all taxes on premiums and restrictions on investments for this activity.

Industrial Sector

In the late 1980s, the Bahamian industrial sector consisted of several large-scale activities (chemicals, pharmaceuticals, and oil) and a variety of small-scale industries (food processing, paints, purified water, rum and other alcoholic beverages, salt, and soft drinks). The large-scale activities were located on Grand Bahama, whereas small-scale industries were concentrated in both Grand Bahama and New Providence. The industrial sector experienced setbacks in the early 1980s, when declining demand caused steel and cement plants to close. In mid-1985 the Bahamas Oil Refining Company (BORCO), the fourth largest refinery in the world, shut down

its refining operations in response to the oil glut on the world market. BORCO continued its oil transshipment operations, however, importing large quantities of oil from the Middle East and Africa for transshipment and for domestic use. In the Bahamas, oil exploration by several international companies began in the early 1980s; marine geologists believed vast deposits of oil and natural gas might be found.

Chemical and pharmaceutical plants fared well in the early 1980s. Exports of chemical products increased by over 100 percent in the 1980–84 period. Several large chemical and pharmaceutical industries were located on Grand Bahama. Light industrial activities experienced slight growth in the early 1980s. Salt was mined on Great Inagua, and small amounts of aragonite sand were mined near the Bimini Islands for export. The rum industry grew. Bacardi operated a major distillery in New Providence. In 1986 construction began on a brewery sponsored by a consortium made up of Bacardi, Guinness, and Heineken to produce a new beer with a Bahamian name.

Since the 1950s, the government had consistently encouraged efforts to diversify the economy. Industrial incentive legislation, however, dated back to the 1950s, when the Hawksbill Creek Agreement allowed the Grand Bahama Port Authority to develop industry on that island. In 1970 the Industries Encouragement Act provided incentives for manufacturers of approved products. Incentives included the duty-free importation of machinery and raw materials and tax exemptions. In 1971 the Agriculture Manufacturers Act provided similar incentives for that industry. In 1981 the Bahamas Agricultural and Industrial Corporation was established as a central agency for potential investors seeking advice and assistance. Finally, in 1984 legislation created a free-trade zone in New Providence similar to the one in Grand Bahama established by the Hawksbill Creek Agreement.

Aside from a weak external market for oil products, the industrial sector faced several other difficulties. The Bahamas had a very limited market size. Wage rates tended to be high, and skilled workers were lacking. Capital-intensive industries developed despite the government's desire to locate labor-intensive industries there, especially in New Providence. This development underscored the growing problem of structural unemployment. A 1986 report by the Inter-American Development Bank (IDB) indicated that a major task for the government would be to provide 3,000 to 3,500 jobs annually in the late 1980s and early 1990s for graduating youths.

Agricultural Sector

In the late 1980s, the agricultural sector consisted mainly of small farms producing poultry, fruit, and vegetables for the local market and exporting some citrus fruits and seasonal vegetables. Government policy focused on reducing food imports, expanding and diversifying agricultural exports, and increasing linkages between the agricultural sector and tourism. The government emphasized the promotion of foreign investment, including joint ventures, and the development of farming among young Bahamians. Investments in research and extension and marketing facilities led to continued growth in winter vegetables and fruit and poultry products. The BAIC promoted employment creation through joint ventures offering access to modern marketing, management, technology, and venture capital, all in short supply in the Bahamas. Inherent problems in developing the agricultural sector, however, were the scarcity and expense of local labor.

A considerable capacity existed for expansion of the agricultural sector. In 1986 the World Bank estimated that only 10 percent (16,200 hectares) of cultivable land was being farmed. Potential products included citrus crops for export, edible oils, peanuts, avocados, cut flowers, and hot peppers. Agricultural production statistics made clear the need to tap this poorly utilized economic sector. In 1985 the IDB estimated that Bahamian farmers produced just 20 percent of the food consumed on the islands, requiring the importation of millions of dollars worth of food annually; the food import bill for that year amounted to about US\$200 million. According to international agencies, the nation's food bill could be met by developing suitable land on Great Abaco Island, Andros Island, and Grand Bahama.

Considerable potential also existed in the small fisheries sector. The first commercial harvest of shrimp occurred in 1984, but this barely scratched the surface of fisheries potential. In 1985 crawfish were the most valuable domestic export, with exports valued at US\$18.6 million. The nation's fishing fleet was expanding, and shallow water fisheries were being developed.

Economic Policy and Management

Although government policy was overtly capitalist, state ownership was significant in the economy. In addition to the central government, the public sector also consisted of the National Insurance Board, which was responsible for administering the country's social insurance program, and six nonfinancial corporations:

four in public utilities (Bahamas Electricity Corporation, Bahamas Water and Sewer Corporation, Bahamas Telecommunications Corporation, and the Broadcasting Corporation of the Bahamas) and two tourism-related firms (Bahamasair and the Hotel Corporation of the Bahamas). According to the World Bank, these public corporations performed well in the early 1980s; significant financial improvements occurred in 1983 and 1984 and were responsible in part for improvement of the overall financial position of the public sector. In particular, the electricity and hotel corporations registered operating balance surpluses by 1984 after several years of large capital expenditures.

Central government revenue increased steadily in the first half of the 1980s, from US\$261 million in 1980 to US\$350.3 million in 1984; estimates for revenue in 1985 and 1986 were US\$424 and US\$458 million, respectively. Expenditures also increased during the same period, from US\$258.9 million in 1980 to an estimated US\$458 million in 1986. During most of the period, the government recorded a fiscal deficit on its public accounts; a low of US\$81.2 million was recorded in 1983 and was primarily the result of capital expenditures in the hotel sector of the tourist industry. In 1984 capital expenditures decreased and brought the fiscal deficit down to US\$15.9 million. Projections for 1985 and 1986 were for small surpluses in the public accounts (see table 7, Appendix A).

The income tax structure in the late 1980s was relatively inelastic because the Bahamas had no personal or corporate income taxes. Revenue was tied to indirect taxation on international trade, in the form of import, export, and stamp duties, and to direct taxes on tourist items, such as hotel rooms and casino gambling. Other direct taxes included a property tax, a motor vehicle tax, and a stamp tax. International trade taxes contributed the most to revenues, accounting for 70 percent of all tax revenues and 55 percent of total government revenues in 1984. In the first half of the 1980s, total tax revenue constituted up to 80 percent of total government revenues.

Nontax revenue included administrative fees and charges, income from government property, interest and dividends, and reimbursements. The largest of these were administrative fees and charges, which almost doubled in 1980; in 1984 they accounted for 40 percent of all nontax revenue and almost 9 percent of total revenue. Also in 1984, property revenue increased when the government signed a ten-year US\$100 million agreement with the United States to lease submarine testing facilities on Andros Island. In the first half of the 1980s, nontax revenue generally accounted for approximately 20 to 27 percent of total revenue.

In the early 1980s, over 40 percent of government expenditures went to wages and salaries for public employees. Increases in capital expenditures in the 1981-83 period were responsible for much of the growth in total expenditures. In 1984, however, capital expenditures declined after completion of a major hotel, convention, and casino project. Much of the increase for this year went to current costs, principally salary increases. In the 1985 and 1986 budgets, the emphasis was on education, health, and police services.

A significant portion of total government outlays in the mid-1980s was devoted to servicing the public debt. Debt servicing accounted for 18 percent of total expenditures in 1984; it was projected to reach 25 percent in 1985 before dropping to 23 percent in 1986. Ironically, the debt problem was a direct result of the high per capita income in the Bahamas. Income levels precluded the nation from obtaining soft loans from international financial institutions, including the World Bank; as a consequence, the government was forced to rely on Bahamian banks for credit.

Outstanding public sector external debt increased by almost US\$130 million in 1981-82 as a result of two loans that financed projects for the hotel corporation. The total external debt of the public sector reached a high of US\$237.9 million in 1983 but had dropped to US\$209.3 million by late 1984. The decline was brought about by the completion of the hotel project and also by the significant principal repayments made by the public corporations, most notably the electricity corporation, which repaid US\$15 million of principal ahead of schedule. Traditionally, the external debt service ratio of the public sector has been low, fluctuating between 3 and 6 percent of exports of goods and services and 8 and 10 percent of government revenues. These figures remained unchanged despite the large loans in 1981 and 1982. They were unlikely to increase because the government had concluded a 1986 refinancing package with a commercial bank syndicate to lengthen the amortization schedule of the original hotel corporation loan.

The country's central financial institution was the Central Bank of the Bahamas. Established in 1974, it was charged with safeguarding the value of the Bahamian dollar, regulating credit and note issue, administering exchange control regulations, managing bank and trust legislation, and compiling financial statistics. The government's adoption of a code of conduct for the banking and finance industry in 1985 increased the Central Bank's supervisory role over that industry. The Central Bank adhered to a policy of strict discipline to create monetary stability and a strong balance of payments.



*The Central Bank of the Bahamas, Nassau
Courtesy Mark P. Sullivan*

The Bahamian dollar has been kept at par with the United States dollar since 1973. The Central Bank maintained an informal policy on interest rates, generally keeping local rates in line with movements in the United States. In April 1986 the Central Bank lowered its discount rate to 7.5 percent; commercial banks followed and cut their prime lending rate to 9 percent. Although the Central Bank had encouraged commercial banks to lend to productive sectors of the economy rather than to consumers, banks were reluctant to adhere to that recommendation. Indeed, the percentage of private sector loans devoted to personal consumer use increased from 42.4 percent in 1977 to 61 percent in 1984.

In the mid-1980s, the Bahamas generally enjoyed a favorable balance of payments position. Large negative trade balances were counteracted by large inflows in the net services account. Despite these large inflows, however, the current account ran a deficit from 1981 through 1985. The net capital account registered surpluses in 1981-82 but went into deficit after 1983-85 in response to a reduction in public sector inflows following the completion of the hotel corporation's hotel and casino project. Net international reserves continually registered surpluses in the early 1980s; in 1984 especially, net reserves improved substantially to US\$38 million and were expected to register a US\$31 million surplus in 1985 (see table 8, Appendix A).

In the 1980s, the country's major nonpetroleum exports were pharmaceuticals, chemicals, rum, crawfish, salt, and aragonite. Major imports, including oil for domestic consumption, were foodstuffs, tobacco, beverages, machinery and transport equipment, automobiles, and finished manufactured goods, including furniture, clothing, footwear, toys, and jewelry. The United States was the most important trading partner in both exports and imports.

Transportation infrastructure on the islands was good. There were 3,350 kilometers of roads, of which 1,350 kilometers were paved and 1,250 were gravel. New Providence and Grand Bahama were the islands with the most extensive road systems, but good roads also were found on Cat Island, Long Island, Eleuthera, and on sections of Andros Island, Great Abaco Island, and Great Exuma Island. In 1985 there were 67,848 motor vehicles registered, 70 percent of which were concentrated in New Providence. Of the total number of vehicles, approximately 77 percent were private automobiles. The urban centers of Nassau and Freeport did not have major public transportation systems, relying instead on a plentiful supply of metered taxis; New Providence had a system of small minibuses known as jitneys. No railroads or inland waterway systems existed on the islands. Interisland transportation was served by charter, commercial, and private aircraft. The country had forty-nine government-run or private airfields, including two international airports (Nassau and Freeport) and one airfield run by the United States Air Force (Grand Bahama); nineteen of the airfields served as official ports of entry. Interisland travel was also covered by private boats and by a government mailboat system; approximately twenty mailboats departed Nassau for the Family Islands each week. The country had twenty-three ports, including the main harbors at Nassau and Freeport.

For a developing nation, the Bahamas possessed advanced telecommunications and international communications systems. An automatic telephone system provided service to 62,000 telephones. Both Nassau and Freeport had twenty-four-hour international telephone and telegraph service, whereas the Family Islands were generally served by only daytime service. The system was aided by a tropospheric scatter link station in Nassau and a Bahamas-Florida submarine cable that provided excellent reception and eliminated problems of atmospheric interference. Radio and television broadcasting was operated by the Broadcasting Corporation of the Bahamas. It ran three radio stations; ZNS-1 and ZNS-2 operated from Nassau, and ZNS-3 operated in Freeport to serve the northern islands. One color television station, ZNS-13, operated out

of Nassau. It opened officially in 1977 and served an area within a 209-kilometer radius of Nassau.

Government and Politics

The Governmental System

In the late 1980s, the Bahamas had a democratic system based on the British Westminster parliamentary model of government. The 1973 Constitution proclaims the Bahamas a sovereign democratic state; sets requirements for citizenship; guarantees fundamental human rights; establishes the executive, legislative, and judicial branches of government; and creates three civil service commissions: the Public Service Commission, the Judicial and Legal Commission, and the Police Service Commission. Although an independent member of the Commonwealth of Nations since 1973, the Bahamas retains the British monarch as its chief of state, represented in the Bahamas by an appointed governor general (see Appendix B).

Chapter III (Articles 15–28) of the Constitution details the protection of fundamental rights and freedoms in the Bahamas, including the right to life, liberty, security, and protection of the law; freedom of conscience, expression, assembly, and association; and protection of the privacy of the home and other property from deprivation without compensation. Moreover, the Constitution provides for protection of these rights and freedoms without discrimination based on race, national origin, political opinion, color, creed, or sex. These provisions were not just theoretical considerations but were actually carried out in practice, according to the Department of State's *Country Reports on Human Rights Practices for 1986*.

Constitutional amendments require a combination of an act of Parliament and popular referendum. Entrenched constitutional provisions, such as those relating to the establishment of the civil service or the qualifications for members of Parliament, require a two-thirds majority in both houses and passage by a popular referendum. Specially entrenched provisions, such as those relating to citizenship, fundamental rights, and the establishment and powers of Parliament, the cabinet, and the judiciary, require a three-fourths majority in both houses and passage by referendum.

Parliament consists of a bicameral legislature made up of the sixteen-member Senate and the forty-nine-member House of Assembly. Parliament also technically includes the British monarch represented by the governor general, but that individual serves no real function in the daily parliamentary process. Under the

Constitution, Parliament may make laws for the peace and good government of the Bahamas. Laws are generally enacted by Parliament in the following manner. A bill is introduced in the House of Assembly, read three times, debated, and, if passed, becomes an act. The act is read three times in the Senate and then sent to the governor general. The governor general signs the act, which upon being published in the official journal of the government becomes a law. Bills may officially be introduced in either house of Parliament, except for money bills, which may only be introduced in the House of Assembly, and may be passed with or without amendment, subject to the agreement of both houses.

The House of Assembly elects one member from each of forty-three constituencies or single-member districts for terms not to exceed five years. The House of Assembly performs all major legislative functions. The leader of the majority party in the House is appointed prime minister by the governor general, and the leader of the major opposition party is designated as leader of the opposition. The House of Assembly elects a speaker and a deputy speaker to preside over the House.

The number of constituencies is established in Article 68 of the Constitution, but Article 70 mandates a procedural review of these constituencies at least every five years. The Constituencies Commission reviews the number and boundaries of the constituencies, taking into account the number of voters, the needs of sparsely populated areas, and the ability of elected members to maintain contact with voters from a wide geographic area. The Constituencies Commission consists of the speaker of the House of Assembly, a justice of the Supreme Court, and three members of the House of Assembly—two from the majority party and one from the opposition. The 1973 Constitution first established thirty-eight constituencies. That number was increased to forty-three in time for the 1982 elections and to forty-nine for the 1987 elections.

The Senate is appointed by the governor general. Nine members are chosen on the advice of the prime minister, four on the recommendation of the leader of the opposition, and the remaining three on the advice of the prime minister after consultation with the leader of the opposition. The Senate has limited functions in the parliamentary process. It elects a president and a vice president to preside over its proceedings.

The executive authority of government officially rests with the British monarch, represented by the governor general. The general direction and control of government, however, are vested in a cabinet, led by the prime minister, who serves as the chief executive of the government. The cabinet also consists of at least eight other

ministers, including the attorney general, who are drawn from the membership of Parliament. In late 1987, the cabinet consisted of the Office of the Attorney General and the heads of eleven ministries: agriculture, trade, and industry; education; employment and immigration; finance; foreign affairs; health; housing and national insurance; tourism; transport and local government; works and utilities; and youth, sports, and community affairs. The minister of finance must be a member of the House of Assembly. If the attorney general is appointed from the Senate, no more than two other ministers may be drawn from the ranks of the Senate; if the attorney general is from the House of Assembly, however, three ministers may be chosen from the Senate. A number of parliamentary secretaries are also appointed from the membership of Parliament to assist the ministers. Permanent secretaries also serve in the ministries; they are appointed by the Public Service Commission to these highest civil service positions. Institutionally, the cabinet collectively is responsible to Parliament. The prime minister is responsible for keeping the governor general informed of the general conduct of the government.

The judiciary of the Bahamas is independent of executive control. It consists of the Court of Appeal at the highest level, followed by the Supreme Court, magistrate's courts, and Family Islands commissioners, who often act as magistrates. The Court of Appeal consists of a president and two other justices. If needed, a final appeal may be made to the Judicial Committee of the Privy Council in London. Bahamian law is based on English common law, but a large body of Bahamian statute law also exists.

Local government in the Family Islands falls administratively under the Department of Local Government of the cabinet's Ministry of Transport and Local Government. The Family Islands are divided into nineteen districts administered by twenty-three commissioners appointed by the government and supervised from Nassau. Several of the larger islands with relatively greater populations are split up into several districts (see table 9, Appendix A). In addition to the commissioners, elected House of Assembly members often deal with local matters, thereby filling the void created by the absence of an elected local government.

Political Dynamics

The history of Bahamian independence is not only the story of a colony breaking away from its mother country. It is also the account of how a political party and nationalist movement, the Progressive Liberal Party (PLP), achieved the peaceful transfer of political power from a white elite—the local allies of the colonial power—to an independent black government.

For decades prior to the achievement of internal self-government, the Bahamas' political and economic systems were dominated by a small elite referred to as the "Bay Street Boys," so named because most of their businesses and economic activities were concentrated along Bay Street in Nassau. The postwar era, however, brought about significant changes in the nation's political system and genuine political participation by the masses. In 1953 the first Bahamian political party, the PLP, was formed by blacks discontented with the policies of the governing elite; the PLP's popular success forced the elite in 1958 to form a party of its own, the United Bahamian Party (UBP).

Two events in the 1950s helped propel the PLP into a position of political strength. First, in 1956 an antidiscrimination resolution passed the House of Assembly and kindled political awareness among the black population. The PLP benefited from this awareness and became the party of black Bahamian pride. The second significant event, the 1958 general strike led by Randol Fawkes of the Bahamas Federation of Labour, strengthened the PLP's image as a champion of the working masses. Although the PLP was not directly involved in the strike at first, its leaders observed the strike's success and sought to be identified as the political party associated closely with it. The nineteen-day work stoppage focused world attention on the Bahamas and caused the British Colonial Office to give increased attention to Bahamian affairs. The strike also provided the impetus for electoral reform; the British added four legislative seats to New Providence.

Despite a vigorous campaign, the PLP lost badly to the UBP in the 1962 general election; the party attributed its overwhelming defeat to unfair electoral boundaries. Despite the PLP defeat, however, the UBP could not impede the process of political change in the Bahamas. Steps toward internal self-government proceeded under the UBP as party leader Sir Roland Symonette became the country's first premier (the preindependence title for prime minister) in 1964.

During the next several years of UBP rule, the PLP waged a media and propaganda campaign to focus attention on the alleged unfairness of electoral boundaries. A dramatic act of defiance occurred in 1965 when Lynden O. Pindling, then the official leader of the opposition, protested by throwing the speaker's mace out of a window when the House of Assembly was in session. The PLP proceeded to boycott the House for almost nine months. This action caused a split in the PLP as three House members broke off to form the National Democratic Party. In 1966 the remaining members of the PLP returned to the House, however, in



*Rawson Square,
Bay Street, Nassau
Courtesy Mark P. Sullivan*



*Government House, Nassau
Courtesy Mark P. Sullivan*

anticipation of upcoming elections; by 1967 new boundaries had been drawn. The PLP attacked the distribution of constituencies as well as the lack of limits on electoral expenses. Although race was an important issue in the elections, disclosures of UBP corruption and conflicts of interest concerning consultant fees and gambling at Freeport also became major campaign themes. The PLP won eighteen seats and was able to form a government with the help of the Labour Party formed by union leader Fawkes in the early 1960s. Pindling became premier of the nation's first independent black government; jubilant supporters labeled him "Black Moses" Pindling.

The PLP moved quickly to consolidate its political power base by calling for general elections in 1968. The election, which took place in an environment of intense racial polarization, resulted in an overwhelming PLP triumph as the party captured twenty-eight of the thirty-eight seats in the House of Assembly. In 1969 further constitutional changes followed a conference in London; full internal self-government was achieved, and Pindling became prime minister.

Although the PLP was riding high, the problem of internal party unrest continued. In 1970 eight PLP members of the House of Assembly were suspended from the party for acting "contrary to the interests of the party." This faction went on to form a new party known as the Free Progressive Liberal Party, severely slashing the PLP's majority in the House of Assembly. In 1971 opposition groups united under the banner of a new party, the Free National Movement (FNM); its membership consisted of the Free Progressive Liberal Party, the remnants of the UBP, and the small NDP.

Despite a united opposition in the 1972 general elections, the PLP achieved a commanding parliamentary majority, winning twenty-eight seats compared with the FNM's ten. The PLP's tabling of the independence issue in 1972 caused a split in the already weak opposition. Several long-standing UBP members who opposed independence resigned from the FNM, leaving the party weak and divided. The FNM party was weakened further as independence arrived in 1973. In 1976 five FNM House members resigned and formed the Bahamian Democratic Party (BDP).

General elections in 1977 consisted of competition among the PLP, the FNM, the new BDP, and a small party known as the Vanguard Nationalist and Socialist Party (Vanguard Party), which had been formed in 1971 by some members of the PLP's youth organization. The PLP once again scored a resounding victory, winning thirty House seats compared with six for the BDP and

two for the FNM; the Vanguard Party received only fifty-five votes in five contested races. By 1979 the major opposition parties had merged once again into a reconstituted FNM. The House was increased to forty-three seats for the 1982 general elections; the election itself was a contest among the PLP, the FNM, and the Vanguard Party. Once again the PLP emerged victorious with 32 seats to the FNM's 11 seats; the Vanguard Party, contesting 18 seats and receiving just 173 votes, did not win any representation.

The PLP's continued popularity and electoral successes since its first victory in 1967 were explained by several factors. Under Pindling's leadership, major public works and government-sponsored housing programs improved material conditions for the majority of Bahamians. In addition, PLP victories reflected socio-political stability and therefore stimulated private enterprise. In fact, improved material conditions under PLP rule were most probably brought about by the increased economic opportunities for all Bahamians. PLP popularity was also reinforced by several royal visits in the 1970s and 1980s. Prime Minister Pindling himself, the father of Bahamian independence and a charismatic leader, was an important factor in PLP success. Finally, the PLP benefited from the weakness of the opposition. In the late 1980s, the FNM had no experience in office, nor did it espouse an ideology or program attractive enough to draw voters away from the PLP, which remained the party identified with black majority rule and the attainment of Bahamian nationhood.

In 1987 the PLP and the FNM remained the two major political parties, represented respectively by Prime Minister Pindling and Kendal Isaacs, the leader of the opposition in the House. Both parties were moderate pro-Western parties committed to democracy and free enterprise. The racial factor had ceased to be an issue in Bahamian politics, as both political parties had a black majority. A few white Bahamians held high-level civil service and political positions. Women participated in all levels of government and politics; in 1987 several women served as permanent secretaries of the executive government, one as a member of the House, and four as members of the Senate.

The nation's political culture in the 1980s was characterized by a strong tradition of freedom of speech and freedom of the press. Three privately owned daily newspapers, two published in Nassau and one in Freeport, were printed. The newspapers frequently carried reports of parliamentary and public debate. In addition, several newsweeklies, some of which were published by political parties, were available. Although the press was free and privately run, radio and television stations were run solely by the government

and were accused of restricting access for the opposition. The government and the PLP received favorable treatment from the broadcasting corporation to the detriment of the FNM and even PLP dissidents. In an attempt to overcome this broadcasting barrier, in late 1986, the FNM broadcast a fiery speech by Isaacs from a privately owned radio station in Florida.

The June 1987 general elections took place against a backdrop of government corruption vis-à-vis the transit of illegal drugs, related socioeconomic problems of rising crime and increased drug addiction, and redrawing of electoral boundaries. Prime Minister Pindling's government was hit by a major drug scandal soon after his 1982 electoral triumph. A 1983 report on United States television alleged that the prime minister was involved in the drug trade. Pindling responded by establishing a Royal Commission of Inquiry to investigate the charge. In its December 1984 finding, the commission contended that the drug trade permeated Bahamian society. Several ministers and senior government officials were implicated, as well as the Police Force and the Customs Department and Immigration Department. Although the report did not offer any evidence of direct involvement by Pindling, it did note that the prime minister had spent eight times more money than he had earned over a seven-year period.

The scandal caused a major shake-up in the PLP government. In October 1984, finance minister and PLP deputy leader Arthur Hanna resigned in protest of Pindling's handling of the situation. Two ministers who opposed Pindling's actions were dismissed by the prime minister as he defended his political position, and two others resigned because of investigations of their involvement in the drug trade. Although Pindling was untouched by evidence, his political position was weakened by the seriousness of the charges involved. Nevertheless, the prime minister refused to call early elections and decided to weather the political storm.

The drug transit issue also was intimately related to many of the nation's socioeconomic problems, including a rising crime rate and a substantial increase in drug addiction. These problems had also been fueled by a high unemployment rate, particularly among the nation's youth. In 1986 the Bahamas National Task Force Against Drugs reported that the domestic drug trade had assumed epidemic proportions; the ready availability of cocaine had resulted in high addiction levels.

In the mid-1980s, several private programs attempted to address the problem. Following the report of the Royal Commission of Inquiry, the government became increasingly involved in combating drug addiction. Legislation in 1986 introduced stiff penalties for

drug traffickers. In late 1986, the government's Drug Abuse Rehabilitation Program received funds from the United Nations Fund for Drug Abuse Control to increase activities in the prevention and treatment of drug abuse. The government also increased spending for the Royal Bahamas Defence Force (RBDF), most of which was directed to antidrug operations.

In 1986 the Constituencies Commission's procedural review of electoral constituencies for the House of Assembly prompted significant political debate. The commission proposed adding six seats to the forty-three-member House; five seats would be added for New Providence and one for Grand Bahama. The opposition FNM objected to the addition of so many seats for New Providence, when only 1,500 voters had been added to the electoral register since the 1982 general elections. They also alleged that this was a deliberate scheme to slow electoral registration in Grand Bahama, an FNM stronghold. For the 1982 elections, 11,803 voters were registered in Grand Bahama, whereas only 8,696 were registered for the 1987 elections; according to an FNM member of Parliament, the number of voters would have been considerably higher if the registration process had not been slowed. Criticism was also made of the high representation given to Andros Island when compared with Great Abaco Island and Eleuthera. In 1982 Andros Island had three constituencies with voter registrations of 3,542, as compared with Great Abaco Island's two constituencies with voter registrations of 3,213 and Eleuthera's three constituencies with voter registrations of 5,100. The Constituencies Commission for 1987 proposed no changes in these electorates despite the increase of Great Abaco Island's voters to 3,608 and the decrease of Andros Island's voters to 3,368, along with Eleuthera's continued 5,100 voters. Opposition leaders also criticized the addition of electoral constituencies in general because it indicated an unwillingness to delegate power to local government; adding constituencies to the House of Assembly continued the system whereby members represented both national and local interests.

Observers had generally agreed that the 1987 election would be the closest in Bahamian history; indeed, many believed that Isaacs would lead the FNM to victory. However, the PLP scored a stunning triumph, capturing 54 percent of the votes and 31 of the 49 House seats. The FNM gained fifteen seats, and two went to independent candidates. The winner of the remaining seat was undetermined as of late June 1987. In an electoral postmortem, Isaacs indicated that public concern over corruption was apparently not as significant as he had thought. Equally important, however, was Pindling's skillful appeal to nationalistic sentiments

during the campaign. Responding to United States government criticisms of the Bahamian drug problem, the prime minister charged that his country had become the scapegoat for the inability of the United States to control drugs. In one rally, Pindling turned the tables on the United States by accusing the Central Intelligence Agency and Drug Enforcement Administration of running drugs through the Bahamas. Pindling also gained political mileage through his public expressions of outrage over the decision of a subcommittee of the United States Senate Foreign Relations committee to send a delegation to monitor the election. In the wake of the PLP's electoral success, many expected in mid-1987 to see the political rehabilitation of at least some of the cabinet members who had resigned over their alleged involvement in the drug trade.

Foreign Relations

Although it is a small developing nation, the Bahamas has managed to involve itself in a wide range of international affairs. It became a member of the United Nations (UN) in 1973. In the late 1980s, the Bahamas belonged to a number of international organizations, including the World Bank, the General Agreement on Tariffs and Trade (de facto), the International Monetary Fund (IMF—see Glossary), the International Civil Aviation Organization, the World Health Organization, and the World Meteorological Organization. The Bahamas also belonged to several other intergovernmental organizations, such as the Pan American Health Organization, as well as to several regional development banks, including the European Investment Bank, the IDB, and the Caribbean Development Bank. It was a signatory of the Treaty for the Prohibition of Nuclear Weapons in Latin America (Tlatelolco Treaty) and a member of the Nonaligned Movement. Regionally, the Bahamas was a member of the Organization of American States (OAS) and the Caribbean Community and Common Market (Caricom—see Appendix C).

In the first few years following independence, the Bahamas identified closely with United States interests. By the early 1980s, however, it was evident that the Bahamas was moving toward greater involvement in regional and international affairs and was not necessarily seeking to satisfy the United States. It joined the OAS in 1982 and Caricom in 1983 after a lengthy period of close cooperation with the latter organization. In 1984 it hosted Caricom's seventh Heads of Government Conference. The Bahamas opposed the 1983 United States-Caribbean intervention in Grenada, labeling it a "premature overreaction," and declared that there should be no intervention in the affairs of other states.



*Town of Great Guana Cay, Great Abaco Island
Courtesy John F. Hornbeck*

Since independence, the Bahamas has been a member of the Commonwealth of Nations (see Appendix B), the organization bringing together nations and dependent territories presently or previously under British sovereignty. In 1985 the Bahamas hosted a Meeting of Heads of Government of the Commonwealth; Queen Elizabeth II paid an official visit to the Bahamas at that time. As a former British colony, the Bahamas also was one of the African, Caribbean, or Pacific countries affiliated with the European Economic Community under the Lomé Convention (see Glossary).

Although the Bahamas had diplomatic relations with over forty nations throughout the world, it maintained diplomatic missions in only four countries: Canada, Britain, Haiti, and the United States. High commissioners served as official representatives to Canada and Britain, whereas a chargé d'affaires was assigned to Haiti. Bahamian officials in the United States included an ambassador in Washington and consuls general in both Miami and New York. The Bahamas also maintained a permanent mission to the UN in New York with a resident ambassador.

Just five nations maintained diplomatic or consular missions in the Bahamas. The United States and Haiti each had embassies, the Dominican Republic and The Gambia had consulates, and Brazil maintained a vice consulate. The Gambia maintained a

consulate as a result of close relations with the Bahamas in the Commonwealth and because a majority of Bahamians were of West African origin. Additionally, twenty-five nonresident ambassadors and thirteen nonresident high commissioners (ambassador-level representatives of Commonwealth nations) were accredited to the Bahamas. The Honorary Consul Corps provided representatives from twenty-five countries; these officials assisted foreign nationals in emergencies. The corps consisted of, in descending order of rank, consuls, honorary consuls, consular agents, and commercial representatives.

Traditionally, the most important factor influencing Bahamian foreign relations has been the nation's geography, especially its proximity to the United States, Cuba, and Haiti. Of these three neighbors, the United States has been the most important. Throughout Bahamian history, the United States has played a significant role in the nation's economy.

In the late 1980s, the United States and the Bahamas were parties to over thirty treaties and agreements covering aviation, consuls, customs, defense, extradition, investment guarantees, postal matters, property, shipping, social security, taxation, telecommunications, trademarks, visas, and weather stations. The United States also operated naval and air facilities in the Bahamas. The United States Navy's Atlantic Underseas Test and Evaluation Center, located on Andros Island, was involved in underwater research and submarine testing. On Grand Bahama, the United States Air Force operated an auxiliary airfield that assisted the United States National Aeronautics and Space Administration in tracking test flights from Cape Canaveral. In April 1984, the Bahamas signed an agreement whereby the United States would pay US\$100 million over a 10-year period for the use of these sites. In addition to an embassy in Nassau, the United States also maintained preclearance units at the nation's two international airports at Freeport and Nassau. The units were composed of employees of the Customs Service, the Department of Agriculture's Plant and Animal Inspection Service, and the Immigration and Naturalization Service and were designed to help United States travelers complete their customs and immigration formalities before entering the United States.

In March 1985, the Bahamas was designated a beneficiary of the Caribbean Basin Initiative (CBI—see Appendix D). As a result of the structure of the Bahamian economy, however, the CBI had virtually no impact on the Bahamian economy. The Bahamas was unable to participate in the special tax provision involving deductions for business people because it had not entered into a tax

information exchange agreement with the United States. In a December 1986 speech to Parliament, Prime Minister Pindling asserted that limited trade concessions meant little in an environment of slow global economic expansion, declining commodity prices, and rising protectionism.

Beginning in 1980, the Bahamas and the United States agreed to intensify efforts to hinder the illegal flow of drugs, and they coordinated a drug interdiction program (see Current Strategic Considerations, ch. 7). The United States Anti-Drug Abuse Act of 1986 authorized the establishment of the United States-Bahamas Drug Interdiction Force and the construction of a joint United States Coast Guard-Bahamas drug interdiction docking facility. The law authorized expenditures for helicopters and improved communications detection equipment. The Bahamas-United States Mutual Legal Assistance Treaty, designed to hinder drug traffickers from money laundering, was expected to be signed in late 1987.

Although the United States had more drug interdiction agreements with the Bahamas than with any other country, United States officials in the late 1980s at times questioned Pindling's commitment to the narcotics control effort. In 1987 the Bahamian government took umbrage at various statements on this issue by United States officials, regarding them as unacceptable intrusions in the islands' domestic politics. The Pindling government responded by engaging in such actions as temporarily suspending the airport parking privileges of the United States ambassador. It remained to be seen whether Pindling would engage in more substantive retaliation in the wake of his impressive electoral triumph in June 1987.

The country's proximity to Haiti has made it a haven for economic refugees from that nation. The number of illegal Haitian immigrants has increased steadily over the last several decades, as have accompanying social and economic problems. Haitian immigrants began to trickle into the Bahamas in 1948; by the late 1950s, that trickle was described by government officials as a flood. Roundups and deportations began at that time and reached an annual high of 2,899 deportees in 1963, when the government resolved to clear out the illegals. Following the election of a black independent government in 1967, a change in official policy was expected; a leading PLP figure indicated that expulsion was out of the question because so many Haitian illegals were raising families. The new government, however, initiated a repatriation program similar to that in 1963 and deported 2,589 Haitians in 1967.

Illegal Haitian immigrants kept arriving despite the regular roundups and detentions and the implementation of a new "Bahamas for Bahamians" policy that was intended to phase out

the employment of expatriates. According to the 1973 Constitution, those born in the Bahamas to noncitizen parents may register for citizenship only at age eighteen or within twelve months of that birthday, provided that no dual citizenship is involved. (Before independence every person born in the Bahamas was able to claim Bahamian citizenship.) Despite these restrictions, by early 1980 the illegal Haitian immigration had reached enormous proportions, with an estimated 25,000 in a country having fewer than 210,000 people.

The situation developed into a major political issue as the expense of health care and other services for these illegals increased along with Bahamian unemployment. In September 1985, some alleviation was noted when the governments of the Bahamas and Haiti signed a treaty whereby Haitians who arrived prior to 1981 would be legalized. A two-month voluntary repatriation period was established, after which deportation would be carried out in an orderly and humane manner. As of early 1987, however, an estimated 20,000 to 40,000 Haitians still resided in the country. None had been accorded legal status under the terms of the treaty. About 2,000 had been repatriated, but many of those detained for deportation were quartered in less than humane facilities. In 1986 it was estimated that over 300 Haitians had returned voluntarily. Both the United States Department of State and human rights groups in the Bahamas have expressed concern over the treatment of illegal Haitians.

For years, Bahamian relations with Cuba were strained by disagreement over territorial fishing rights. The disagreement came to a head in May 1980, when Cuban military aircraft sank a Bahamian patrol vessel, the *Flamingo*, after it had apprehended two Cuban fishing boats; four Bahamian marines were killed during the event (see *Regional Security Threats, 1970-81*, ch. 7). The Bahamas demanded an unconditional apology and full reparations. Cuba agreed to the Bahamian demand and paid US\$5 million to replace the patrol vessel and US\$400,000 to the families of the four marines. The two nations continued diplomatic relations despite the incident. In May 1986 a new nonresident Cuban ambassador presented his credentials to the government and encouraged the development of Bahamian-Cuban diplomatic, commercial, and cultural relations. Cuba was the only communist nation with which the Bahamas maintained diplomatic relations.

Although Bahamian relations with Britain in the late 1980s were most often overshadowed by its relations with its giant neighbor to the north, important links persisted. Over 300 years of British colonial rule left many relations still intact. Membership in the

Commonwealth increased Bahamian contact with former British colonies around the globe. Important linkages also existed in legal institutions, such as the right of Bahamians to final, judicial appeal to the Judicial Committee of the Privy Council in London. British cultural influence on the Bahamas was also strong. Finally, although trade between the two nations was relatively small compared with trade with the United States, it was still significant. In 1984 Bahamian domestic exports to Britain were 7.2 percent of the total figure; imports from Britain accounted for approximately 7.7 percent of the Bahamian total.

National Security

In the late 1980s, Bahamian security concerns focused on three areas: the use of Bahamian waters and territory as a transit point for the illegal transshipment of drugs; illegal immigration; and the poaching of Bahamian fishing resources. Since 1980 the Royal Bahamas Defence Force (RBDF) has been the primary force in combating these threats to national security. In 1986 the RBDF was a 531-member force headed by a commander and headquartered at a base at Coral Harbour on New Providence.

Government expenditures for the RBDF were US\$9.1 million in 1984, approximately 2.5 percent of total government expenditures; estimates for 1985 and 1986 spending were in the same range. In late 1986, the force commissioned three new thirty-three-meter craft, which greatly increased its effectiveness. The high-speed boats were fitted with modern electronic surveillance and navigational equipment to combat illegal immigration, poaching, and smuggling. The RBDF also was equipped with one thirty-one-meter patrol craft, five eighteen-meter craft, and several high-speed boats for shallow water patrols in the Family Islands. In 1986 a new dry dock was planned at Coral Harbour to allow the RBDF to carry out its own maintenance and repairs. The force also had a small air wing; in late 1986 plans called for a compound to be established at Nassau International Airport. Basic training for marines took place at Coral Harbour, whereas officers were trained at the Royal Naval College in Dartmouth, England. Both marines and officers were sent on special training courses to Canada, Britain, and the United States.

Since 1980 the United States has assisted the Bahamas in combating the transit of illegal drugs. In 1986 a joint interdiction force was established. A joint docking facility was planned, and the United States Congress provided four EC-2 carrier-based radar aircraft to track drug airplanes passing through the Bahamas.

Internal security was provided by the Royal Bahamas Police Force. The Police Force, headed by a commissioner, had a strength of 1,447 in 1983, 75 percent of whom were concentrated in New Providence. At the end of 1981, thirty-one police stations served the Family Islands (excluding Grand Bahama). In the early 1980s, police stations in New Providence, Grand Bahama, Great Abaco Island (Marsh Harbour), Andros Island (Nicolls Town), the Bimini Islands (Alice Town), and Eleuthera (Governor's Harbour and Rock Sound) provided twenty-four-hour service, whereas other Family Islands stations provided service for approximately ten to sixteen hours a day.

Although both the defense and the police forces were generally well regarded by the population, both had been beset by some drug-related corruption. A Royal Commission of Inquiry in 1984 concluded that corruption existed in the upper and lower levels of the Police Force as well as in the Immigration Department and Customs Department. Another problem in the Police Force in the 1980s was police brutality, especially in the course of arrests or in obtaining confessions. The Department of State's *Country Reports on Human Rights Practices for 1986* stated that police brutality remained a problem; in 1986 both United States and Bahamian detainees reported abuses.

In 1984 expenditures for the Police Force amounted to US\$25.9 million, 7 percent of total government expenditures; estimates for expenditures in 1985 and 1986 were for absolute increases of approximately US\$4 million for each year. The Police College provided training for all recruits and refresher courses for officers, police reservists, beach wardens, and local constables. Recruits were given a twenty-week basic course, which included physical training, self-defense, firearms use, and first aid. The Fire Services Division consisted of regular fire brigades in New Providence and Grand Bahama and voluntary fire brigades in the Family Islands. The Criminal Investigation Department was responsible for investigating major crime throughout the Bahamas.

In 1987 a planned reorganization of the Police Force was expected to focus on general administration, the local and overseas training of officers, and criminal investigation procedures. Several additional police stations also were planned, and new recruitment was expected to increase the strength of the force. Improvements in transportation were expected, as concern continued over transportation conditions for police in the Family Islands.

Bahamian prisons were operated by the Prisons Department of the Ministry of National Security. In 1983 the department housed 806 prisoners: 100 female prisoners and 706 male prisoners,

including 82 first offenders, 224 regular prisoners, 200 in medium security, and 200 illegal immigrants. In the late 1980s, prisons were reported to be overcrowded and unsanitary. In September 1986, the Supreme Court noted that prison conditions constituted a “highly unpleasant environment” and urged improvement. Much of the overcrowding was caused by the detainment of Haitians for immigration violations; they were routinely denied bail on the basis that they would flee before prosecution. In 1986 Bahamian human rights activists condemned the inhumane and degrading facilities at Fox Hill Prison, the main prison on New Providence; according to reports, 300 Haitians had been crowded in the prison for two and one-half years awaiting deportation. The Department of State’s *Country Reports on Human Rights Practices for 1986* noted that Nassau’s downtown jail was crowded and dirty and that food was barely adequate. The report also stated that the central lockup facility at Freeport was unsanitary.

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The best general guide to the Bahamas is the *Bahamas Handbook and Businessman’s Annual*, which provides a comprehensive description of most aspects of Bahamian society, including demographic, economic, and political details. Some of the best studies of Bahamian history include Paul Albury’s *The Story of the Bahamas*, Michael Craton’s *A History of the Bahamas*, and Doris Johnson’s *The Quiet Revolution in the Bahamas*. Craton’s work also includes a concise chapter on the Pindling era. The most comprehensive study, however, of contemporary Bahamian politics is provided by Colin A. Hughes in *Race and Politics in the Bahamas*. The best study of the nation’s economy is provided by the World Bank in *The Bahamas: Economic Report*, published in 1986. Other current sources of economic data are reports by the United Nations Economic Commission for Latin America and the Caribbean, the Inter-American Development Bank, and the United States Department of Commerce. The best source for demographic data is the government of the Bahamas, which has published several population studies. The Department of Statistics of the Bahamas also publishes accurate, informative statistics in a variety of recurring reports. (For further information and complete citations, see Bibliography.)

Cayman Islands

Official Name	Cayman Islands
Term for Citizens	Caymanian(s)
Capital	George Town
Political Status	British crown colony
Form of Government	British-appointed governor and locally elected assembly

Geography

Size	260 sq. km.
Topography	Low-lying limestone and coral islands
Climate	Tropical

Population

Total estimated in 1985	20,000
Annual growth rate (in percentage) in 1985	3.5
Life expectancy at birth in 1984	70
Adult literacy rate (in percentage) in 1986	97.5
Language	English
Ethnic groups	Black (25 percent), white (20 percent), mulatto (55 percent)
Religion	Primarily Protestant

Economy

Currency; exchange rate	Cayman Islands dollar (CI\$); CI\$0.84 = US\$1.00
Gross domestic product (GDP) in 1985 ..	US\$254.5 million
Per capita GDP in 1985	US\$12,789
Distribution of GDP	Not available

National Security

Armed forces personnel	0
Paramilitary personnel	0
Police	170

Turks and Caicos Islands

Official Name Turks and Caicos Islands

Term for Citizens No standard term

Capital Cockburn Town

Political Status British crown colony

Form of Government British-appointed governor
and locally elected assembly

Geography

Size 430 sq. km.

Topography Low-lying coral islands

Climate Tropical

Population

Total estimated in 1985 8,600

Annual growth rate (in percentage) in 1985 3.3

Life expectancy at birth in 1985 70.2

Adult literacy rate (in percentage) in 1985 86.7

Language English

Ethnic groups Black (90 percent);
remainder white or mulatto

Religion Primarily Protestant

Economy

Currency United States dollar (US\$)

Gross domestic product (GDP) in 1984 US\$26 million

Per capita GDP in 1984 US\$3,478

Distribution of GDP Not available

National Security

Armed forces personnel 0

Paramilitary personnel 0

Police 90

British Dependencies: The Cayman Islands and the Turks and Caicos Islands

The Cayman Islands and the Turks and Caicos Islands are two British dependencies in the northern part of the Caribbean. The Cayman Islands consist of three islands: Grand Cayman, Little Cayman, and Cayman Brac. The capital is George Town, on Grand Cayman. The Turks and Caicos Islands consist of some forty islands forming the southeastern end of the Bahamas archipelago. The capital is Cockburn Town, on Grand Turk Island. English is the official language of both territories.

Christopher Columbus sighted the Caymans during his 1503 voyage, naming them “Las Tortugas” because of the large number of turtles he found there. By 1530 the islands were known as the Caymanus, a name that may have derived from confusion between the iguana, which is found on the islands, and the alligator (*cayman* in Spanish). Ponce de Leon is generally believed to have discovered the Turks and Caicos in 1512, but some scholars still speculate that Columbus may have landed on one of the islands, probably East Caicos or Grand Turk Island, on his great voyage in 1492.

No serious effort was made to settle either group of islands in the first decades after European discovery. Ships of various nations stopped at the Caymans to get food, mainly turtles. Both groups of islands became haunts for pirates, particularly the Turks and Caicos. From there, raiders attacked Spanish galleons sailing from Cuba, Hispaniola (the island containing present-day Haiti and the Dominican Republic), and Central America en route to Europe. The earliest European settlers in both territories were a mixture of buccaneers, shipwrecked sailors, and debtors.

Spain held early control over the Caymans, but the islands were ceded by Spain to the English crown in 1670 under the terms of the Treaty of Madrid. The first British settlement took place in 1734 after the first land grant. After 1734 most of the colonists came from Jamaica, and the Caymans became a dependency of Jamaica. The islands of Cayman Brac and Little Cayman were settled in 1833 by several families from Grand Cayman, but no administrative connection existed until a justice of the peace arrived on Cayman Brac in 1877. Sailing ships continued to visit the islands into the nineteenth century, but later steamships stopped rarely. Life in the Caymans was generally quiet until the middle of the twentieth century.

The Turks and Caicos, located closer to colonial territories held by various European powers, had a more colorful early history.

The first permanent settlers were salt collectors from Bermuda who arrived on Grand Turk Island in 1678. They successfully defended their settlement against a Bahamian annexation attempt in 1700, a Spanish invasion in 1710, and a French invasion in 1763. The French succeeded with their second attempt, in 1764, and exiled the Bermudians to Haiti. By the beginning of the nineteenth century, however, the British had regained control and made the Turks and Caicos part of the Bahamas. In 1848 the islands separated from the Bahamas and briefly had their own president and council until Jamaica annexed them in 1874 and made them a Jamaican dependency.

Both the Caymans and the Turks and Caicos remained formal Jamaican dependencies until 1959, and the governor of Jamaica held responsibility for them until Jamaican independence in 1962. At that point, both territories became separate British dependencies. The Caymans created a separate constitution in 1959, and a British administrator was appointed for the Caymans in 1962 (the title was changed to governor in 1971). The 1959 Constitution was revised in 1972. The Turks and Caicos received their own governor in 1972 and established a new constitution in 1976.

In the late 1980s, the Cayman Islands were politically stable and highly prosperous by Caribbean standards. Tourism and offshore banking (see Glossary) and financial services, the latter made possible by the islands' tax-haven status, were the two main industries.

Although not as prosperous as the Cayman Islands, the Turks and Caicos Islands also relied on tourism and offshore financial services as mainstays of their economy. Economic similarities between the two British dependencies, however, did not carry over to the political sphere; politics in the Turks and Caicos was much more contentious. In 1985 these islands were rocked by a major drug scandal, when the chief minister, the minister of commerce and development, and another member of the Legislative Council were arrested in Miami in a "sting" operation run by the United States Drug Enforcement Administration (DEA). The operation was carried out with the full knowledge and consent of the British governor on the Turks and Caicos and the British government in London. The governor has taken a strong stand against drug smuggling and alleged corruption, a position that has helped restore the confidence of foreign investors.

Geography

The Cayman Islands are located in the Caribbean Sea south of Cuba, from which they are separated at the closest point by about 240 kilometers (see fig. 19). The three islands are an outcropping

of the Cayman Ridge, a submarine mountain range that extends west from the Sierra Maestra mountain range in Cuba. Grand Cayman is the largest of the islands with a total area of 195 square kilometers. Cayman Brac, 142 kilometers northeast of Grand Cayman, is only 20 kilometers long by 2 kilometers wide. Little Cayman, eight kilometers west of Cayman Brac, is sixteen kilometers by two kilometers in size. The total land area of the three islands is 260 square kilometers, or approximately that of Austin, Texas.

All three islands are low lying and are composed of limestone and consolidated coral. A seventeen-meter hill at the northwest tip of Grand Cayman is its highest point. The highest point on Little Cayman is only twelve meters in elevation. Cayman Brac is distinguished by a forty-three-meter limestone cliff that rises from the sea on its eastern tip. Vegetation is largely scrub with mangrove swamps covering about a third of all the islands' area.

The climate is tropical, tempered by the northeasterly trade winds. Temperatures are fairly constant, ranging from summer maximums of 30°C to winter minimums of 20°C. The rainy season extends from mid-May through October; the remaining months are relatively dry. Hurricanes pose a threat from midsummer until November, although no hurricane has struck the islands directly since 1932.

Located 920 kilometers southeast of Miami and about 50 kilometers southeast of the Bahamian island of Mayaguana, the Turks and Caicos are a group of 8 major islands and more than 40 small islets and cays (see Glossary). The islands are made up of two groups separated by the thirty-five-kilometer-wide Turks Island Passage: the westernmost Caicos Islands, including six of the major islands, and the easternmost Turks Islands with the remaining two major islands (see fig. 20). The islands have a total land area of 430 square kilometers, about the size of San José, California.

Geologically, the islands are a part of the Bahamas archipelago, which rises above a shallow submarine platform. All are low lying, with the highest point barely fifteen meters above sea level. Soils are poor, shallow, and infertile. Low scrub covers most of the islands, although several of the larger Caicos Islands have stands of pine. Mangrove swamps fringe coastal areas. No streams are found on the islands, but a few have brackish ponds.

The climate is tropical with distinct wet and dry seasons. Annual precipitation varies from 100 to 150 centimeters. Rain falls in heavy brief showers, almost entirely in the period from May to October. Temperatures average 27°C in summer and 21°C in winter. Maximums and minimums seldom exceed 32°C or 16°C.

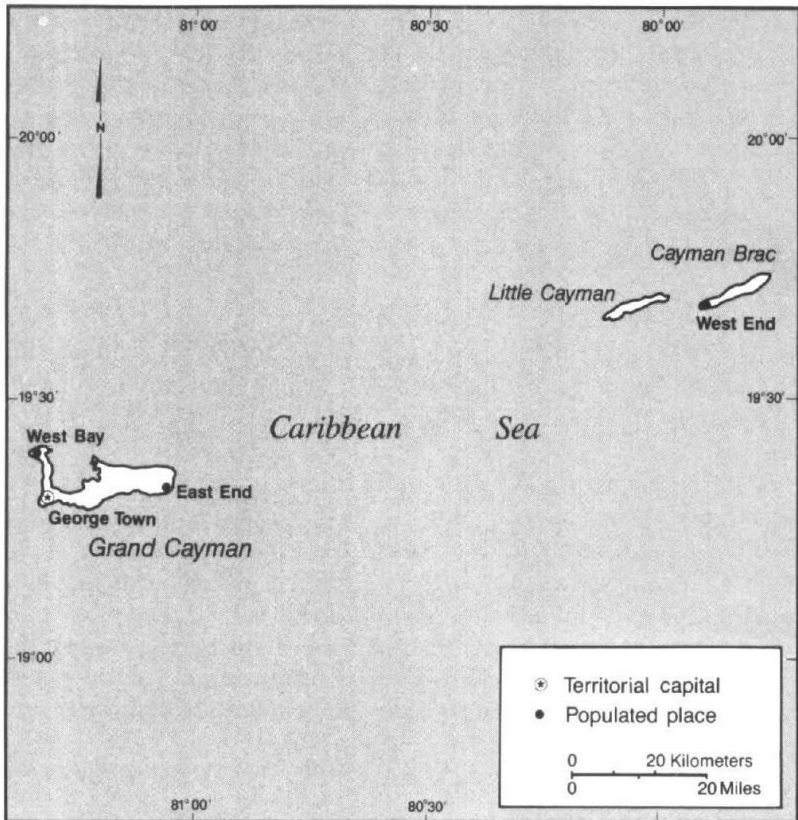


Figure 19. Cayman Islands, 1987

In summer, trade winds blow from the southeast, whereas in winter the northeast trades predominate. Hurricanes occasionally affect the islands in late summer or fall.

Population

The total estimated population of the Cayman Islands in 1985 was 20,000, growing at an annual rate of 3.5 percent. Ninety percent of the population lived on Grand Cayman; most of the remainder lived on Cayman Brac. Little Cayman had very few inhabitants, but the construction of tourist facilities there was increasingly attracting workers and other residents. Immigrant workers comprised about a third of the total population on the islands and held 20 percent of the jobs.

The population density per square kilometer in 1985 was moderate at 75.8. In 1984 the average life expectancy at birth stood at

seventy years. In 1984 the birth rate was moderately high by world standards at 21.4 per 1,000; infant mortality stood at 5.9 per 1,000 live births. Twenty-nine percent of the population was under the age of fifteen. The people of the Cayman Islands had varying ethnic backgrounds: 25 percent were black; 20 percent, white; and 55 percent, mulatto.

The Turks and Caicos had a 1985 population of approximately 8,600, growing at an annual rate of 3.3 percent. The population continued to fluctuate, however, because of a high birth rate and the constant movement of young men in search of work between the Turks and Caicos and the Bahamas. Blacks made up 90 percent of the total; the remainder were mulatto or white.

Although the Turks and Caicos were still relatively undeveloped in the mid-1980s, some illegal immigrant workers, mostly from Haiti and the Dominican Republic, arrived in the islands to perform low-wage hotel jobs spurned by local citizens. Although their labor contributed to the tourism industry, in 1985 the illegals became such a burden on the islands' already-overstretched funds for health and welfare that the government made its first forced deportation of Haitians.

Population density in the Turks and Caicos Islands remained very low, at sixteen persons per square kilometer. In 1982 the birth rate was a moderately high 25.5 per 1,000; infant mortality stood at 24 per 1,000 live births. In 1985 the average life expectancy at birth was 70.2 years.

The people of both territories were predominantly Protestant. In the mid-1980s, 35 percent of the Caymanians were Presbyterian; 25 percent belonged to the Church of God; and 40 percent belonged to other Christian churches. Approximately 42 percent of the citizens of the Turks and Caicos Islands were Baptist; 19 percent, Methodist; 17 percent, Anglican; and 22 percent, members of other Christian churches.

Education

Education in the Cayman Islands and the Turks and Caicos Islands was compulsory for children between the ages of five and sixteen and free of charge in government schools. The Cayman Islands had nine government-run primary schools, three state secondary schools, and six church-sponsored schools at both levels. The Turks and Caicos had fourteen government primary schools, three private primary schools, and three public secondary schools. Years of inadequate funding left the Turks and Caicos Islands with poor schools, making later job training a necessity. Although some fishermen in these islands were retrained as construction workers and others found jobs in the hotels, more retraining was essential. The territory had a chronic shortage of skilled workers.

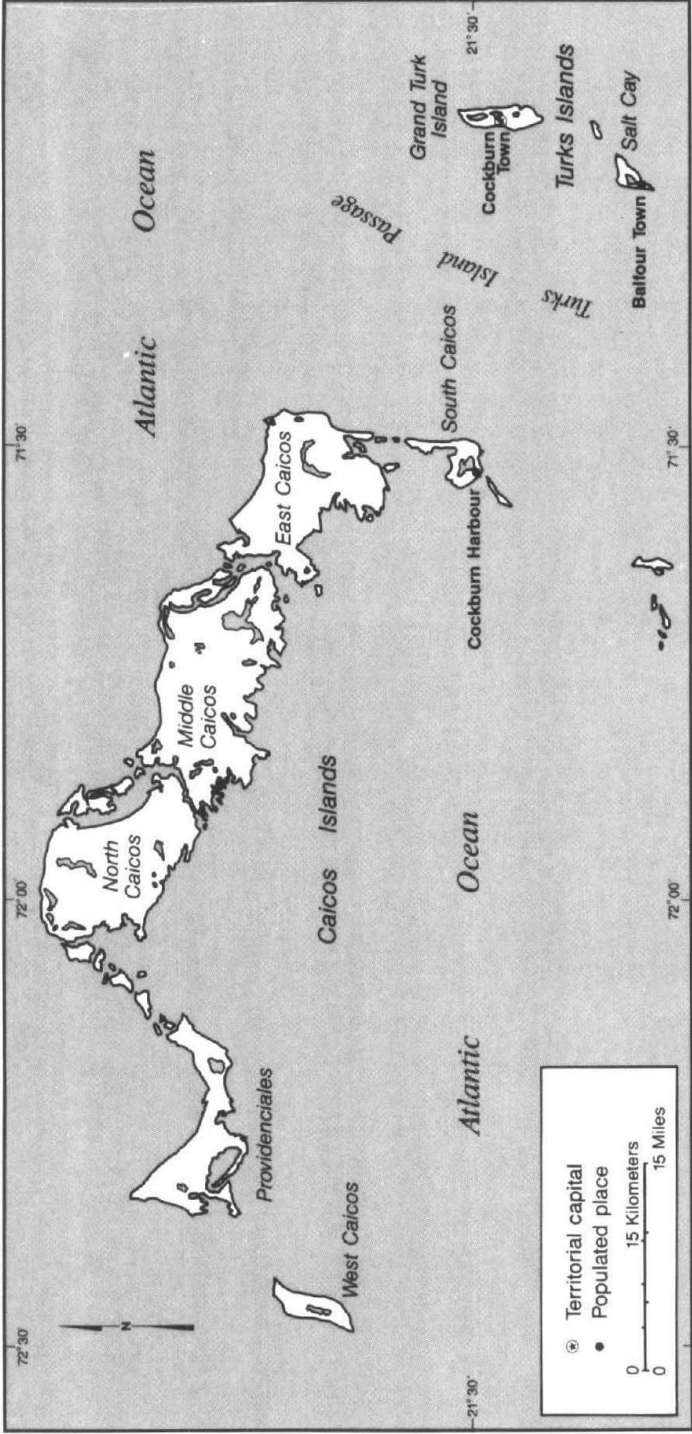


Figure 20. Turks and Caicos Islands, 1987

There were two senior education institutions on the Cayman Islands: the Cayman International College and the Cayman Law School. In addition, the Cayman government contributed to the University of the West Indies (UWI). Both the Cayman Islands and the Turks and Caicos Islands offered a number of government scholarships for students who wished to attend the UWI or colleges or universities in Britain, Canada, or the United States.

Literacy for Caymanians above the age of 15 stood at 97.5 percent in 1986. In 1986 the ratio of elementary school students to teachers was a relatively low 14.3 to 1. The elementary school enrollment that year was 2,077, with an additional 2,265 students in secondary schools. Only 2.9 percent of the population over age 25 had postsecondary education.

Literacy for Turks and Caicos citizens over age 15 was 86.7 percent in 1985. The 1985 ratio of elementary school students to teachers was 20.8 to 1. In 1985 approximately 1,540 students attended elementary schools, and 707 attended secondary schools. Although overall literacy was lower than in the Cayman Islands, a higher percentage of the population over 25 years of age—4.9 percent—had postsecondary education.

Health and Welfare

In the 1980s, health care in the Cayman Islands compared favorably with the situation found elsewhere in the Commonwealth Caribbean. Mirroring a pattern seen in developed societies, the major causes of death were noncommunicable diseases, especially those of the circulatory system. Ninety percent of children were immunized against diphtheria, pertussis, tetanus, and poliomyelitis as of 1984. Increased attention was given to environmental health issues in the wake of the economic growth that occurred in the late 1970s. Grand Cayman had a privately operated desalination plant that provided high-quality water. Little Cayman and Cayman Brac employed a cistern and groundwater supply combination. Despite the generally positive picture, health officials were concerned with a growing substance abuse problem, inadequate mental health care, and an absence of nursing homes. As of December 1986, the Cayman Islands had reported one case of acquired immune deficiency syndrome (AIDS).

Inpatient and outpatient services were available at two government-administered hospitals on Grand Cayman and Cayman Brac; these institutions contained a total of sixty-six beds in 1984. Maternal and child care, immunizations, and routine nursing care were also available through six district clinics. The islands had 16 physicians in 1984, approximately 1 for every 800

citizens. Some of the doctors were government medical officers provided by the British. The islands also had fifty-five nurses and eleven midwives.

The government provided some social services, but most islanders depended on the churches and other voluntary community groups for assistance. State pensions did not exist in the mid-1980s.

As in the Cayman Islands, noncommunicable diseases were the major causes of death in the Turks and Caicos Islands. Despite this similarity, health conditions were generally poorer in the Turks and Caicos. The Turks and Caicos had a relatively high level of leprosy, estimated at 5 cases per 1,000 population in the early 1980s. The territory was also concerned with the spread of malaria by Haitian workers and increased drug addiction. In 1984 about 60 percent of children under one year of age were immunized against diphtheria, pertussis, tetanus, and poliomyelitis. The Turks and Caicos lacked a public piped water system; as a result, the vast majority of the population relied on rainwater roof catchments and storage cisterns. This had contributed to an enormous mosquito population and sporadic *Aedes aegypti* infestations. As of December 1986, there were two reported cases of AIDS.

The Turks and Caicos had a thirty-bed general hospital on Grand Turk Island and twelve primary care health clinics scattered throughout the territory. There was 1 doctor for roughly every 2,000 citizens. As in the Cayman Islands, the British government provided medical officers. The Turks and Caicos had twelve nurses and eleven midwives. Most social services were provided by the churches.

Economy

In the mid-1980s, the Cayman Islands were one of the most prosperous areas in the Caribbean. The gross domestic product (GDP—see Glossary) in 1985 was approximately US\$254.5 million, with a per capita GDP of US\$12,789. Approximately 75 percent of all workers were employed in the service sector. Industry accounted for an additional 23 percent of workers; the remaining 2 percent were in agriculture. Forty-two percent of adult women were in the work force in 1979. As with most Caribbean islands, imports to the Cayman Islands greatly exceeded exports. In 1983 imports totaled US\$140.4 million, while exports totaled only US\$2.4 million. Major trading partners were the United States, Trinidad and Tobago, Britain, and the Netherlands Antilles.

Until 1970, fishing generated most of the Cayman Islands' income. In the 1960s, however, the islands began systematically to nurture two industries—offshore financial services and tourism.



*Two of the numerous banks located in the Cayman Islands
Courtesy Warren Yeager*

The territory passed new banking laws and made extensive investments in infrastructure, including roads, airports, and wells and desalination plants for water supplies. By the late 1980s, the islands had become the Caribbean's leading tax haven. Citizens, permanent foreign residents, and corporations paid no income, property, inheritance, or capital gains taxes. In 1985 approximately 19,000 companies were registered in the islands, including 498 banks and trust companies and 369 insurance companies. Revenues from company registration fees, trust and insurance licenses, and stamp duties brought in almost US\$18 million during 1983. About the same amount was collected in import duties, and total revenue exceeded government expenditures by almost US\$2 million. Banks on the islands handled an estimated US\$1 billion a day in Eurocurrency (see Glossary) deals. External assets of banks licensed in the Cayman Islands totaled US\$127 billion at the end of 1982.

The Cayman Islands also has succeeded in building its tourist industry. Infrastructure for tourism has been developed substantially, and new hotels and condominiums have been built on all three islands. Tourist arrivals soared 300 percent between 1973 and 1984, largely because of more cruise ship arrivals. In 1986 more than 382,000 tourists visited the islands, including 216,000 cruise ship passengers. In 1985 tourism contributed US\$75 million to the economy and employed one-fourth of the work force.

Despite the relative prosperity of the Cayman Islands, problems remained. The tourism boom had inflated land prices to such an extent that young islanders found it difficult to build homes. Agriculture was almost nonexistent in the Caymans because of low rainfall and poor soils. Over 90 percent of the islands' food was imported, a major part of the Caymans' import bill. However, development efforts had made the islands self-sufficient in eggs and bananas, and beef, oranges, and tomatoes also were produced.

Serious questions also had been raised about the offshore banking industry. In the early 1980s, United States officials became concerned that Cayman banks were becoming havens for illegally obtained drug monies. The United States Department of Justice estimated that between 20 and 40 percent of the US\$76 billion generated annually by illegal narcotics trafficking in the United States and the Caribbean was laundered through offshore banks in the Caribbean, where criminals were shielded from investigators by secrecy laws. The United States government therefore put pressure on Britain and the Cayman Islands to modify bank secrecy regulations to allow the United States attorney general access to Cayman bank and business records. On August 27, 1984, the two countries and the Cayman Islands signed a pact requiring the

islands' administrators to obtain requested records within fourteen days of receiving a certification that the records were needed for an investigation of a drug-related offense.

The Cayman Islands had a modern communication system in the 1980s. The British firm Cable and Wireless operated an entirely automatic system of over 9,000 telephones. A small ground satellite station and submarine cables provided international links to the United States and Panama. Four radio stations on Grand Cayman served the island, broadcasting on 1205 and 1555 kilohertz and on 101.1 and 105.3 megahertz. The *Cayman Compass* and the *Sun* were both published five times a week.

Transportation among the islands was relatively good. In 1984 the territory had 252 vessels over 100 gross tons; the large number reflected the islands' sizable charter boat business. George Town was a major port. Populated sites on all three islands were linked by 160 kilometers of all-weather roads. Municipal buses ran between George Town and West Bay on Grand Cayman. Owen Roberts International Airport outside George Town and an airfield at the western end of Cayman Brac had paved runways to accommodate international flights. There were no railroads or inland waterways.

In the late 1980s, the Turks and Caicos economy was considerably less prosperous than that of the Cayman Islands. The GDP in 1984 was approximately US\$26 million, with a per capita GDP of US\$3,478. Services employed 61.8 percent of the work force, industry 23.3 percent, and agriculture 14.9 percent. Thirty-three percent of adult women were in the work force in 1979. Imports exceeded exports by over US\$18 million in 1982. Major trading partners were the United States and Britain.

Historically, economic development in the Turks and Caicos had been limited by weak infrastructure. The highway system on the islands was underdeveloped in the 1980s. South Caicos and Grand Turk Island had a total of 24 kilometers of paved roads; the other islands had a total of about 100 kilometers of gravel roads. However, the completion in 1983 of a British-financed airport on Providenciales was an important stimulus to the rapidly growing tourism industry. Within a year, a major international hotel chain had begun operations on the islands; the chain opened 100 additional rooms in 1985 as tourist demand exceeded expectations. In 1986 arrivals of stopover visitors to the Turks and Caicos increased by 22 percent over the previous year, one of the highest growth rates in the Caribbean. Two additional hotels were expected to be constructed in 1987. Large ships could be accommodated on South Caicos, Salt Cay, Grand Turk Island, and Providenciales. In

addition to Providenciales, Grand Turk Island had an airfield with a runway capable of handling international flights.

As in the Cayman Islands, offshore financial services were an important component of the Turks and Caicos economy in the 1980s. More than 4,000 companies registered in the islands in the mid-1980s to take advantage of the absence of company and income taxes and exchange controls. In 1986, however, the industry stagnated in response to increased competition from other Caribbean islands and investor concerns regarding the political situation in the Turks and Caicos.

Fishing had also become an important industry by the mid-1980s; lobster, conch, conch shells, and fish were the territory's principal exports. Exports of fish to the United States, the main customer, totaled US\$3 million in 1983. Despite its importance, the industry was plagued by serious technological and marketing problems; overfishing was also a major concern. Almost all foodstuffs other than fish were imported by the Turks and Caicos. Low rainfall, poor soils, and the inadequacy of irrigation systems confined agriculture to small amounts of subsistence farming.

The Turks and Caicos government experienced chronic budget deficits in the 1980s; as a consequence, operating subsidies and development aid from Britain were essential. The 1983 closure of the last United States military base on the islands—a navy facility on Grand Turk Island—led to a loss in rent equal to 10 percent of total government revenues. In an effort to reduce expenditures, the government initiated a privatization policy in 1985; within two years, much of the debt-ridden electricity department had been transferred to private control. Because of the government's action, the deficit was reduced from US\$4.3 million in 1984 to US\$2.2 million for the fiscal year (FY—see Glossary) ending March 1987.

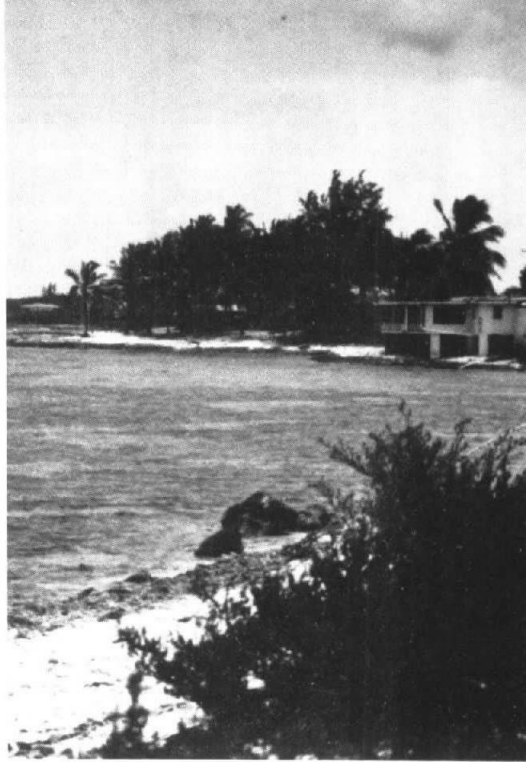
In the 1980s, domestic communications in the Turks and Caicos were only fair; international communications were of better quality. Although the islands had 1,400 telephones, service was often erratic and was limited to Grand Turk Island, North Caicos, South Caicos, and Providenciales. Two submarine cables and a small ground satellite station provided modern international links. Broadcasting was limited to one AM radio station on Grand Turk Island on 1460 kilohertz. The *Turks and Caicos News* was published weekly.

Government and Politics

The Governmental System

In the late 1980s, both territories were still British crown colonies. Each had a British governor and a ministerial form of government consisting of an Executive Council (cabinet) and a

*View of the north shore,
Grand Cayman
Courtesy Warren Yeager*



Legislative Assembly (in the Cayman Islands) or a Legislative Council (in the Turks and Caicos Islands).

Under the Caymans' Constitution, the British governor is responsible for defense and internal security, external affairs, and public service. On all other matters, the governor must either accept the recommendations of the Executive Council or receive approval for his veto from the British secretary of state for foreign and Commonwealth affairs. The Executive Council, which is responsible for the daily administration of the affairs in the Caymans, consists of the financial secretary, the attorney general, the administrative secretary (all appointed by the governor), and four other members elected by the Legislative Assembly from their own number. The governor presides as chairman of the Executive Council. The unicameral Legislative Assembly, consisting of twelve elected members and three ex officio members appointed by the governor, is entrusted with making laws.

The governmental system in the Turks and Caicos was similar. Under the August 1976 Constitution, the governor retains responsibility for external affairs, internal security, defense, and certain other matters. The Executive Council consists of three ex officio members appointed by the governor—the financial secretary, the chief secretary, and the attorney general—as well as a chief minister elected by the Legislative Council and three other ministers appointed by the governor from the elected members of the Legislative

Council. The governor presides over the Executive Council. The bicameral Legislative Council consists of a speaker, the three ex officio members of the Executive Council, and eleven members elected by residents age eighteen and over.

Political Dynamics

In the late 1980s, Caymanian politics was relatively calm. The Caymans had no officially recognized political parties; elections for the twelve elective seats in the Legislative Assembly were contested by “teams” of candidates, as well as by independents. The teams showed no differences in policy or ideology. All candidates traditionally pledged to work for continued economic success and for continued dependent status. In the November 1980 elections, the Unity Team, led by Jim Bodden, won eight of the twelve seats. The Dignity Team, headed by Benson Ebanks, won two seats, and two went to independents. The Dignity Team later fell apart when one of its two legislators joined the Unity Team.

Elections were held again in November 1984 against a backdrop of dissatisfaction with Bodden’s Unity Team. Many voters felt it was time for a change; public disquiet had grown over the rapid rise in the immigrant work force. Criticism was voiced that Bodden and his government should have moved more quickly to preserve the good name of the colony and its financial services when the United States alleged that Caymanian banks had been used to launder illegal drug monies. Independents captured nine seats in the election, but the other three remained in the hands of the Dignity Team; Ebanks became chief minister. Despite the change in leadership, continued economic prosperity helped to maintain political stability in the territory.

Cayman Islands residents have expressed the strong wish to remain British dependents; this position was voiced twice to United Nations groups, in 1977 and again in 1981. The finance secretary commented that “venturing into independence” was not a viable route to prosperity for small countries and that the British link inspired investor confidence. Moreover, support for Britain was shown in 1982 when the Cayman Islands sent a US\$1 million donation to the Falklands Fund from private and public sources.

Politics in the Turks and Caicos Islands differed from the situation in the Cayman Islands in three notable ways. First, the Turks and Caicos had two defined political parties. Second, independence was a salient issue and a determinant in party identification. Finally, the political landscape in the 1980s had been shaped by government corruption.

The first elections in the Turks and Caicos under the revised 1976 Constitution took place that year and were won by the pro-independence People's Democratic Movement (PDM). Independence appealed to many in the Turks and Caicos, who were influenced by the Jamaican independence process in the early 1960s. In early 1980, Britain agreed that if the governing PDM won elections later that same year, the islands would receive independence and a payment of around US\$21.6 million. However, the PDM chief minister, J.A.G.S. McCartney, was killed in an accident that May. Lacking his strong leadership, the PDM lost the November 1980 election to the Progressive National Party (PNP), which supported continued dependent status. At the next general election, in May 1984, the PNP, led by Chief Minister Norman Saunders, won eight of the eleven elective seats. During that campaign neither party raised the issue of independence, largely because citizens had become aware of the value of regular British financial aid. Both parties were committed to free enterprise and to the development of the Turks and Caicos through tourism and offshore financial services.

The PNP's 1984 election victory could be explained in part by growing economic prosperity over the preceding four years. Government revenues had risen; more banks had established offices in the islands; the airport on Providenciales had been finished; and tourism had expanded dramatically.

In 1985 the Turks and Caicos were rocked by a major drug scandal. In March, Chief Minister Saunders, Minister of Commerce and Development Stafford Missick, and another PNP member were arrested in Miami by DEA agents, in cooperation with the islands' own governor and police force. During the trial, the prosecution showed a videotape of Saunders receiving US\$20,000 from a DEA undercover agent. The DEA said that Saunders took the money in return for promises to protect drug shipments from Colombia as they passed through his native island of South Caicos on their way to the United States.

Saunders and Missick were found guilty of drug conspiracy charges by a Miami court on July 21, 1985, although Saunders was acquitted of the more serious charge of conspiring to import cocaine into the United States. Missick was convicted of the additional charge of cocaine importation. Saunders and Missick were subsequently sentenced to prison terms of eight and ten years, respectively; each was fined US\$50,000.

Although precise data on citizen attitudes were not available, many islanders resented the fact that Saunders was arrested in a United States "sting" operation carried out with the knowledge

and consent of the British governor and the British government; they contended that Saunders had been set up. Some of these islanders also thought that the popular Saunders, the national tennis champion as well as the chief minister, should have been brought to trial at home. In spite of these feelings, however, the islands remained calm after the arrests. Most people were primarily concerned about the effect that any adverse publicity would have on the territory's fragile economy.

With three of its legislators in jail, the PNP still held a majority of five to three in the Legislative Council. The PNP selected the former minister of public works and utilities, seventy-two-year-old Nathaniel "Bops" Francis, to be the new chief minister. Ariel Misick received the key appointment of minister of commerce and development. The reorganized government's top priority was to maintain investor confidence and proceed with planned development projects. The new government also took pains to tell both London and Washington that it condemned drug trafficking in the islands.

Political turmoil in the Turks and Caicos did not end with the Saunders conviction. In July 1986, the British took the unusual step of imposing direct British rule on the territory, following publication of the report of a Royal Commission of Inquiry into arson, corruption, and related matters. That report severely criticized both the Turks and Caicos government and the opposition for alleged malpractice and criminality. The report also made recommendations for constitutional reform.

Although Governor Christopher Turner announced the decision of direct British rule on July 25, 1986, Chief Minister Francis had actually resigned just before the announcement after reading press accounts that London was prepared to use British troops available in Belize in the event of local hostility to the order. Perhaps because of the possibility of British military action, the islands remained calm after the announcement. As part of the July 25 decision, Governor Turner created an advisory council of four prominent residents to assist him during the two years a constitutional commission reviewed possible changes in the islands' governmental structure. That constitutional commission began its work in November 1986 under the leadership of Sir Roy Marshall, a former vice chancellor of the UWI.

In mid-1987 officials from the Turks and Caicos visited Ottawa and offered the Canadian government the opportunity to annex the islands. According to the Turks and Caicos representatives, polls indicated that 90 percent of the residents of the islands favored some form of special relationship with Canada. From the



*World War I monument, George Town, Grand Cayman
Courtesy Warren Yeager*

perspective of the Turks and Caicos, the principal attraction of annexation undoubtedly was economic; its citizens wanted a North American standard of living that the islands could not meet. Indeed, one observer had questioned whether a territory of only 8,600 people, scattered over 8 islands with no agricultural resources, an infant tourist industry, and only a limited pool of skilled labor, could really succeed as a viable economic entity.

The prospect of annexation was also attractive to many Canadians who were frustrated with the unfavorable exchange rate encountered during vacations to the United States or to Caribbean nations whose currencies were pegged to the United States dollar. Canadian prime minister Brian Mulroney referred the annexation proposal to a special parliamentary committee for examination. Nonetheless, it appeared unlikely that the Canadian government would quickly adopt such a proposal; in 1986 the Canadian External Affairs Department recommended against a similar annexation attempt, fearing the possibility of racial tension between white Canadians and black islanders.

Foreign Relations

The British government retained control over all foreign policy and defense matters for these dependent territories. The two territories participated in the Commonwealth of Nations (see Appendix

B) and, because of their ties to Britain, were considered states associated with the European Economic Community, a status that greatly facilitated trade with the rest of Western Europe. No British Army or British Navy forces were based in the two territories. Military security was provided by British forces stationed in Belize. In addition to the Commonwealth of Nations, both the Cayman Islands and the Turks and Caicos Islands belonged to the Caribbean Development Bank.

National Security

Neither the Cayman Islands nor the Turks and Caicos Islands had armed forces—either under local or under British control. Each territory did, however, have a small local police force that was under British control.

The Royal Cayman Islands Police Force (RCIP), with limited resources, was considered one of the best in the Caribbean. The police totaled 170, of whom 161 were stationed on Grand Cayman and the remainder on Cayman Brac. They were supported by volunteer special constables. The RCIP had three main departments: General Duties Department, Criminal Investigation Department, and Traffic Department. The Criminal Investigation Department included the Special Branch, the Commercial Crime Branch, the Drug Squad, and the Crime Intelligence Section. The Maritime Section, with three boats at Grand Cayman and one at Cayman Brac, performed coastal patrol duties. British instructors provided police training. The islands had only one prison, with a maximum capacity of twenty inmates. Major offenders were sometimes transferred to prisons on Jamaica.

The crime rate in the Cayman Islands was low. Efforts against drug trafficking were moderately successful, with 140 drug arrests in 1982. The RCIP Drug Squad received technical assistance from the United States DEA.

The Royal Turks and Caicos Islands Police Force had ninety members under a chief of police. Most were stationed on Grand Turk Island, with other police stations on Providenciales and South Caicos. The police handled coastal patrol duties. Training was provided at a center on Grand Turk Island. Like the RCIP, the Royal Turks and Caicos Islands Police Force operated under British control.

No insurgencies or related activities were reported in either the Cayman Islands or the Turks and Caicos Islands in 1987.

* * *

Literature specific to these two groups of islands is limited. The most useful sources of information are a series of yearbooks and compendium discussions of the Caribbean islands. Richard Green's *Latin America and Caribbean Review* (published yearly) is an excellent source of information on economic and political events of the past year. Current events can be followed through the monthly British newsletter the *Latin American Monitor: Caribbean*. Useful business information can be found in Jane Walker's *Business Traveller's Handbook*. (For further information and complete citations, see Bibliography.)

