

2019

Barbados' Debt Crisis: The Effects of Colonialism and Neoliberalism

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Recommended Citation

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*Barbados' Debt Crisis:
The Effects of Colonialism and Neoliberalism*

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This research project explains the correlation between the tourism sector and Barbados's cycle of debt. Barbados has continuously incurred debt, from international financing institutions such as the International Monetary Fund, since its independence from Great Britain in 1966. As of 2017, the estimated national debt of Barbados is \$7.92 billion (USD).¹ Sir Hillary Beckles, Michael Howard, and other economic experts and professors at the University of the West Indies, believe the country has gone into debt for a variety of different reasons. Barbados incurred such a staggering debt due in part to its violent history of chattel slavery, the decline of the island's sugar industry, and the migration of citizens who wanted more opportunities than were available on the island. I agree with these Bajan scholars that no one factor has singularly contributed to create the nation's debt. However, the shift to tourism as the island's leading industry has caused the debt to increase significantly. As a result of the increasing debt, citizens are being laid off and are paying higher taxes. Despite these implications, the government clearly favors continued tourism development by recently reducing corporate taxation by twenty percent in 2018.² As a result, China State Construction Engineering Corporation (CSCEC), Sandals Resort International, and other international corporations have benefited greatly from these tax breaks and contracts which have allowed them to establish their businesses on the island. The government's frivolous actions of giving away money to many non-Bajan private and corporate investors for the purposes of international tourism has ultimately hurt the economy and the citizens of Barbados.

¹ "Barbados: National Debt from 2012-2022 (in Billion U.S. Dollars)."

² "Barbados Government Announces Tax Breaks For Businesses."

I. INTRODUCTION

I have always held an interest about Barbados from an early age, as I spent most summers on the island with my grandparents. At one point, I dreamed of moving there after finishing school. As I became older, I was not so sure if Barbados was the place where I wanted to permanently live. I believe this change of mind was mostly due to comments I overheard from family and friends about high unemployment rates and the island's poor healthcare system. At such an early age, I did not quite grasp why these problems were so important. I always wondered why healthcare, wages, and life were seemingly so dysfunctional in Barbados.

This curiosity about the state of Barbados' economy only increased as I began to read the newspapers and keep up with current events on the island through Facebook and local blogs. My curiosity evolved into something more last summer, when I was talking with a friend about wages on the island. He was being paid \$10.00BDS, which is the equivalent to \$5.00USD, an hour as a pastry chef with a Bachelor's Degree and international work experience. I could not believe that as a skilled professional, he was only bringing home \$200USD a week, which is not much considering the prices of the local and imported goods and services. This made me wonder how *unskilled* laborers and the working class, many of whom have families to support, survive in Barbados.

My research seeks to understand the origins of the island's debt crisis. My friend's story ultimately inspired me to research the lasting socioeconomic effects that colonialism and neoliberalism continue to have on Barbados' economy. One of the many factors that initially led to the debt crisis, and what continues to enhance its growth, is the shift of the island's industry from agriculture to tourism. This research analyzes how Barbados has reached its current state of debt along with providing possible solutions to the island's continued debt crisis.

II. HISTORICAL BACKGROUND

On November 30, 1966, Barbados officially gained independence from Great Britain after more than 300 years of bondage and direct economic dependence. Many citizens “watched the live TV broadcast of the Union Jack being lowered and the new Broken Trident flag of Barbados being raised in the pouring rain.”³ While the nation was celebrating this great accomplishment at the Garrison Savannah (the site where the union jack was lowered and the official flag of Barbados was raised for the first time), many citizens were not privy to the conditions their newly independent nation would soon face.

Moving forward as a newly independent nation was not as easy as Prime Minister Errol Barrow, “The Father of Independence and Social Transformation,”⁴ and his administration thought. Eleven years prior to independence, Barbados embarked upon many infrastructure projects, such as building Deep Water Harbour (which is now known as the Port of Bridgetown) and the International Airport. These two projects led the government of Barbados to borrow from the London Capital Market (which is now known as the London Stock Exchange).⁵ As a result, between 1955 and 1965, the “nominal external debt rose from \$0.75 million...to \$25.7 million.”⁶

Ironically, the island became financially indebted to the same colonial power that built their empire on the backs of the enslaved and the natural resources of the land.⁷ In short, Britain granted Barbados its independence after benefiting of the land’s wealth for 341 years. At Independence, the country was left to start from scratch. As a new nation trying to move

³ BBC News, “Barbados Independence 50: What Changed after the British Left?”

⁴ Kiprop, “When Did Barbados Gain Independence From The United Kingdom?”

⁵ Craigwell, Rock, and Sealy, “On the Determination of the External Public Debt: The Case of Barbados,” 137.

⁶ Craigwell, Rock, and Sealy, 137–38.

⁷ Beckles, *Britain’s Black Debt*.

forward, they did not have any money. Britain lent them money to perform the infrastructural projects that were needed. The interest on the initial loan grew rapidly. The Barbados government essentially was independent in name but dependent on paper.

Shortly after independence, a recession occurred on the island. Many people were unable to provide the necessities for their families.⁸ As a result, over 32,000 Barbadians migrated to Canada, England, and the United States in search of employment.⁹ During this wave of migration, many educated citizens left the island. This flight of educated persons, which is commonly known as “brain drain,” devastated the economy of Barbados.¹⁰ Many people who received a free education went abroad in search of better employment opportunities. Educated Bajan migrants invested their skills, time, wealth, and resources overseas. As a result of providing free education, the Barbados government ultimately gave away their labor and future; while already developed world powers such as the United States, Canada, and Great Britain benefited.¹¹

While Barbadians were migrating for better opportunities and economic advancement, the monocrop (agricultural good that is mass produced for income) sugar economy was facing its own difficulties. As remaining citizens aspired to work blue-collar and white-collar jobs, less workers were left to perform the back-breaking labor of harvesting sugarcane.¹² During the 1970, the price of sugar as well as the need for workers decreased, as there was not a great of demand as in years past.¹³ Ultimately, the sugarcane industry that put Barbados on the map and created

⁸ Worrell, “Fourth Recession since 1970s.”

⁹ Ebanks, George, and Nobbe, “EMIGRATION FROM BARBADOS, 1951-1970,” 432.

¹⁰ Howard, *The Economic Development of Barbados*.

¹¹ Degazon-Johnson, “Brain Drain, Gain and Circulation? – The Recruitment, Migration and Retention of the Highly Skilled in the Caribbean,” 8.

¹² Gmelch, “Work, Innovation, and Investment,” 131.

¹³ Drummond and Marsden, “A Case Study of Unsustainability: The Barbados Sugar Industry,” 347.

the world's oldest rum was failing.¹⁴ “Sugar production, which had already declined by over 60 percent between 1967 and 1980, fell by another third between 1981 and 1992, dropping to around 50,000 tons—a level of production which was insufficient to meet both domestic demand and the EU quota”.¹⁵

Overall, migration and recession that occurred during the 1970s led to a decline in skilled workers, scholars, agricultural laborers, and those employed by the private sector.¹⁶ The estimated economic loss of over 32,000 people leaving is predicted to result in a loss of over \$20 million BDS (\$10 million USD) over the course of one year (based on the monthly income of \$65 for 12 months).¹⁷ These socioeconomic factors made it difficult for Barbados to have a strong economic start upon gaining independence from the United Kingdom. The sugar industry, as the island's primary monocrop industry, no longer sustained the economy. Facing this dire economic situation, the Bajan government needed solutions and turned its efforts to tourism development, which was quickly becoming a major regional industry in the early 1970s.

III. TOURISM: THE NEW INDUSTRY SOLUTION

Tourism (the temporary movement of people to destinations outside their normal places of work and residence, the activities undertaken during their stay in those destinations, and the facilities created to cater for their needs)¹⁸ was viewed by the government as the great solution and engine to economic growth in Barbados.¹⁹ Unlike agriculture, tourism requires less manual

¹⁴ “The History of the Barbados Sugar Cane Industry | FunBarbados.Com.”

¹⁵ Drummond and Marsden, “A Case Study of Unsustainability: The Barbados Sugar Industry,” 347.

¹⁶ Howard, *The Economic Development of Barbados*.

¹⁷ Downes, “The Distribution of Household Income in Barbados,” 139.

¹⁸ Mathieson and Wall, “Tourism.”

¹⁹ Gmelch, *Behind the Smile: The Working Lives of Caribbean Tourism*, 8.

labor and was expected to generate employment for more Barbadians.²⁰ This new industry was also expected to bring international currency to the island, and therefore, economic stability to the region. Unfortunately, in the process of planning, the Bajan government did not consider the amount of labor and money it would take to transform the economy of an entire nation, which was already facing a severe debt crisis. The Bajan government sought financial assistance for its tourism development projects from international financing institutions (IFIs) to fund the building of hotels, restaurants, roads, and other infrastructural projects. These projects, intended for economic growth and stability, only plunged the nation's debt into further crisis. This government-driven shortsightedness continues to negatively impact Barbados's economic forecast today.

Barbados's tourism industry has grown rapidly over the past fifty years. The industry currently provides employment to 26,000 Barbadians and immigrants from East Asia.²¹ Even though the industry employs almost ten percent of the population, the debt incurred from establishing and maintaining the tourism industry in Barbados only adds to this crisis. Barbados' debt that was initially \$25.7 million dollars in 1965, rose to \$1 billion in 1992, and then to \$7.92 billion dollars in 2017.²² This significant increase of the country's debt has caused Bajans to pay higher revenue taxes, which is being used as payments on the debt.²³ It is impossible for over 7.92 billion dollars to not be re-structured, and paid by a declining population where 9.2% is unemployed.²⁴

²⁰ "Barbados - Economy."

²¹ "BA-M1012_Terms_of_Reference_Project_Manager.Pdf."

²² Drummond and Marsden, "A Case Study of Unsustainability: The Barbados Sugar Industry," 343.

²³ Alleyne, "Barbados Economy Ends Year on High," 12.

²⁴ "Ey-Barbados-Budget-2019.Pdf," 3.

IV. THE EMERGENCE OF THE IMF

Many infrastructure projects were needed before tourism could flourish. The Barbados government needed to upgrade “to modern, Western-style amenities to attract tourists... [including] airports, roads, sewage treatment plants, landfills, electricity, and telephones.”²⁵ The only way these massively expensive projects could be funded was by the Bajan government borrowing from international financial institutions (IFIs). Barbados once again submitted themselves before the mercy of former colonial powers in need of monetary aid. As former Chief Economist at the World Bank, Joseph Stiglitz states, the older men who staff the IFIs, such as the International Monetary Fund (IMF) and The World Bank, “act as if they are shouldering Rudyard Kipling's white man's burden.”²⁶ This is the expectation that a “more developed and civilized nation,” like the United States, is civically and morally responsible for ensuring the wellbeing of developing countries in the Caribbean, Latin America, and Africa by restoring socioeconomic order and delivering aid. This white man’s burden aligns with the values of the IMF whose mission is “to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world”²⁷ and World Bank whose mission is, “to end extreme poverty and promote shared prosperity”.²⁸ In other words, the colonial powers of the past who now control the aid that is dispersed to countries view and treat the independent developing nations of the Caribbean, Latin America, and Africa as their colonial subjects.

During the 1970s, when many newly-independent Caribbean and Latin American countries were looking to develop, the IMF offered extremely low interest rates for short periods

²⁵ Gmelch, *Behind the Smile: The Working Lives of Caribbean Tourism*, 9.

²⁶ Stiglitz, “What I Learned at the World Economic Crisis,” 3.

²⁷ “About the IMF.”

²⁸ “Who We Are.”

of time to entice struggling countries into a long-term loan agreement.²⁹ These low rates did not last long. By the 1980s, Barbados was forced to borrow more money to repay their former debt. Barbados failed to repay these loans and the IMF and World Bank “introduced structural adjustment programs (SAP)—long-term loans to countries experiencing recurrent balance-of-payment problems.”³⁰ Under the austere conditions of the SAP, “developing countries,” like Barbados, were no longer allowed to dictate how the loan was spent in any given locality. Instead, Washington, D.C. bureaucrats decided how Barbados should allocate any granted loan amount. This created a neoliberal model of economic control by a foreign power because IFIs continually sought to “reduce public expenditure, liberalize trade, investment, and capital controls, deregulation, and privatization of state-owned enterprises”.³¹ As a result of reducing public expenditure, over 1500 public servants were laid off in 2018.³² In regard to deregulation, the tax bracket for international corporations was lowered from 25 percent to between one and 5.5 percent.³³

Barbados, along with their Caribbean counterparts, were and still are like robots being controlled by the whim of the IMF, World Bank, and other international financial institutions. Currently, Barbados has defaulted on and restructured their debt three times since the 1980s. Each time the debt has been restructured, IFIs have placed stricter limitations on exactly how the money can be spent. For example, in 2018, Barbados was loaned \$290 million USD) to restructure the debt, providing that the country would be “fiscally conservative” by laying off 1,500 people to lessen state-owned enterprises.³⁴ The socioeconomic stronghold of these

²⁹ Ahmed and Sukar, “A Critical Evaluation of IMF History and Policies,” 63.

³⁰ Ahmed and Sukar, 63.

³¹ Ahmed and Sukar, 63.

³² Alleyne, “Barbados Economy Ends Year on High.”

³³ “Barbados Government Announces Tax Breaks For Businesses.”

³⁴ Alleyne, “Barbados Economy Ends Year on High.”

financial institutions has only increased over the years as they realized that the options of developing countries are limited.

V. THE IMF'S POLICIES IN PRACTICE

The SAP which is meant to support growth on the island recently proposed that Barbados “address weaknesses in the business climate, including slow processes for obtaining construction permits, getting electricity, and registering property, and will include financial and labor market liberalization policies.”³⁵ Essentially, the SAP in this instance is looking out for the interest of foreign businesses and corporations.

As a result of the SAP's policy, the Barbados government has given and continues to give tax breaks and other incentives to international corporations to establish hotels, restaurants, and shops on the island in exchange for high-interest rate loans. Perhaps the most notable tax incentive was given to Sandals Resort International in 2013. Barbados bestowed this Jamaican-owned corporation with,

“a 25-year tax holiday that includes a waiver on all import duties, taxes, import and levies on capital goods such as building materials, as well as food, alcohol and beverages...the importation of motor vehicles and personal and household effects for senior hotel staff and non-Barbadian workers.”³⁶

These incentives benefit many white-collar and/or non-Bajan tourism sector employees, international corporations, and countries.

When you give corporations like Sandals that much power and authority in a country, they become comfortable and bold. In June of 2017, Sandals tried to privatize Dover beach in Barbados. Sandals erected “four signs which read Only Sandals Registered Guests Permitted

³⁵ “IMF Executive Board Approves US\$290 Million Extended Arrangement Under the Extended Fund Facility for Barbados.”

³⁶ “Barbados: Hotelier Warns More Sandals-like Tax Breaks Could Lead to Mass Closures.”

Beyond This Point”.³⁷ Also, the Crane Resort tried to privatize the beach located by their property as well. In response to these attempts of privatization of the beaches, Calypsonian Anthony “Gabby” Carter organized a protest at the Crane Beach.³⁸ Gabby who sang about the privatization of the beaches in his song “Jack” in 1982, spoke. He said, “It is just the beginning of war that we will have with these people”.³⁹ This is very true as Sandals and other corporations have successfully privatized beaches in Jamaica and other Caribbean islands. Since the protests, there has been no more signs of Sandals trying to privatize the beach.

While tourism brought in over \$262 million USD in 2014, the majority of the money did not stay in the island. The majority of tourism profits are funneled out of the island through a process called leakage where, “the real economic benefits of tourism to a country are not revealed by gross foreign-exchange earnings but by what is left over after deducting the amount that stays or returns overseas.”⁴⁰ In the case of Sandals, they have been exempt from paying import duties and taxes on all necessities for business for the next 19 years. While Sandals is enjoying the benefits of being a tax-free corporation for the next nineteen years, they are also taking their profit overseas. This concept of leakage is not only applicable to hotels, but also when considering the importation of food and other luxury items for the purposes of accommodating tourists.⁴¹

In 2018, the current Prime Minister (PM) and Minister of Finance, Mia Mottley (May 2018-present), decided to

“reduce the corporation taxes, from 25 to as low as between one and 5.5 percent. She said the development means that local businesses will now be operating, here,

³⁷ Bennett, “Sandals: No Private Beach -- NationNews Barbados -- Local, Regional and International News Nationnews.Com.”

³⁸ *Crane Resort Mighty Gabby Protest - YouTube.*

³⁹ *Barbados Takes a Stand on Sandals.....Hmmmmm.*

⁴⁰ Gmelch, *Behind the Smile: The Working Lives of Caribbean Tourism*, 18.

⁴¹ Gmelch, 20.

on a level playing field with their international counterparts, following government's decision to overhaul its tax regime to be compliant with the Organization for Economic Cooperation and Development (OECD)."⁴²

This practice is not only unfair, but detrimental to the citizens of Barbados. It is already difficult enough to make a living in Barbados, without competition from international corporations.

Asking local businesses to compete with international corporations is like asking a turtle to beat a cheetah in a race. Local businesses will probably lose customers if they have to compete with international corporations who already receive incentives from the government. At what point will Barbados retain its authenticity, its sociocultural uniqueness, if the island only consists of a conglomerate of internationally owned and operated hotel chains?

Part of the Barbados Economic Recovery Transformation (a plan created by PM Mia Mottley under the guidance of the IMF to reduce the debt), the IMF "injected the first loan of \$290 million at a concessionary interest rate of one percent [and] gave the green light for other international agencies such as the Inter-American Development Bank and the Caribbean Development Bank to follow-suit with."⁴³ While this investment by the IMF seems positive, it came at a great cost to Barbados. Aside from the layoffs of public servants, the plan is cutting the number of state-owned enterprises (companies that the government owns such as the Barbados Port Inc.).⁴⁴ We must question the mission statements, motivations and objectives of IFIs who have programs in the Caribbean. Do IFIs really want to eradicate poverty and hunger, or do they wish to keep subordinating this region, a process reminiscent of colonial control?

The Barbadian government continues to invest time, money, and effort trying to flourish in an economic structure that was not designed for them to succeed—because this economic

⁴² "Barbados Government Announces Tax Breaks For Businesses."

⁴³ Alleyne, "Barbados Economy Ends Year on High."

⁴⁴ Alleyne.

structure is not governed by them. The Barbadian government cannot dictate the rules of their own economy, ensure the socioeconomic welfare of its citizens, or keep damaging economic influence from international stakeholders at bay. While they continue to invest the little they have into tourism, they are not receiving adequate returns on their investments.

VI. THE ECONOMIC IMPACT OF TOURISM IN BARBADOS

Many local hoteliers in Barbados have been put out of business by international chains like Sandals and Hilton. The Bajan owner of the all-inclusive resort, Sugar Bay Barbados, said in an interview with Barbados Today,

“We will not be able to compete, if, as rumour has it, Hyatt is given the same things that Sandals was given and Wyndham would get those and the new Beaches [Resort] gets it as well. You will effectively knock out a lot of the local successful hoteliers. The chances of us being able to survive...are very, very slim.”⁴⁵

After this interview, things did get worse for this hotelier. Prime Minister Mia Mottley announced that “Businesses, with taxable income of up to one million dollars, will pay 5.5 percent. Corporations with taxable income up to BDS\$20 million will be charged a rate of three percent, while those that earn up to BDS\$30 million will pay 2.5 percent.”⁴⁶ In other words, the more money corporations spend in the island, the less taxes they will have to pay. Asking a local “mom and pop” business to compete with an already established international corporations is not a fair or a leveled playing field. Unfortunately, it is the current reality for many local entrepreneurs on the island.

The decisions by the government concerning tourism effects not only local hoteliers, but also the citizens who work in the formal and informal sectors. Airport staff, taxi drivers, vendors,

⁴⁵ Barbados Today, “Barbados: Hotelier Warns More Sandals-like Tax Breaks Could Lead to Mass Closures.”

⁴⁶ “Barbados Government Announces Tax Breaks For Businesses.”

maids, security, and chefs all depend on tourism to provide for themselves and families. Two professions that I will be focusing on are taxi drivers and street vendors.

“I didn’t set out to be a taxi driver...the declining fortunes of sugar led [me] to drive a taxi” is the statement that taxi driver, Trevor Mapp made to Gmelch in an interview.⁴⁷ Mapp continued to explain how making a living as a driver is inconsistent. He said, sometimes “someone can book you up for the morning and keep you all day [...] repeat clientele [is] not good for us. After a guest has been to Barbados a few times [...] they’re coming for the beach, and they don’t need no taxi to take them there.”⁴⁸ Mapp also shared the various challenges of being a taxi driver who works up to fourteen hours a day. He says,

“This is the kind of job where you don’t have time to give. Sure you can take your job easy, go slow, take your sweet time, but you’re not gonna make no money. If you want to make money you’ve got to put in the time. If a client calls me up and wants me, I’ll go flying there [...] It’s the only way to maintain business.”⁴⁹

While many taxi drivers and Zed R’s (Private Vans) have met the transportation needs of tourist, they have neglected their families and health in the process.

The issues facing the taxi drivers has only increased since Gmelch’s interview with Mapps. As of April 15, 2019, the bus fare increased from \$2 BDS to \$3.50 BDS, as part of the Barbados Economic Recovery Transformation (a plan by the government to reduce Barbados’ debt).⁵⁰ Many bus drivers as well as taxi drivers are fearful that they will lose customers. Especially after prices had to be adjusted due to the dramatic increase in the price of petrol on the island, in June of 2018. These driver’s source of revenue which is fully dependent on the tourism industry is in jeopardy. If there is no demand for taxis, they too will become unemployed and an

⁴⁷ Gmelch, *Behind the Smile: The Working Lives of Caribbean Tourism*, 61.

⁴⁸ Gmelch, 61–62.

⁴⁹ Gmelch, 63.

⁵⁰ Barbados Today, “Bus Fare Increase Adding to Labour Pains - Barbados Today.”

economic burden to the government. And once again, the government will need to borrow more from the IFIs to support a greater number of unemployed citizens on the island.

This fare hike on transportation not only effects the local taxi and van drivers, but also local school children. Even though school children are allowed to ride the public buses for free, there are not enough to transport them to school. As one student stated in the interview, “Now we have to spend everything on a van, if the bus don’t come. It’s rough and it will only get rougher...My school does done at 3:30. All after five, I does still be waiting on a bus.”⁵¹ In the interview with the Nation Newspaper, another mother complained about the recent increase. She said, “Honestly, I am a single parent with four children going to school. I am not sure that they will be able to go to school every day of the week”⁵² For this single mother of four, who is on disability, she will have to pay \$28 BDS or \$14 USD for her children to go back and forth to school. That would cost her \$140 BDS as an unemployed person on disability. It is not right that the fare has been increased on the government owned buses that rarely run on time.

After hearing the complaints and grievances of the citizens of Barbados, Minister of Elderly Affairs, Cynthia Forde comments, “the bus fare had to go up to \$3.50 so that we can raise the revenue to buy more buses to ease the tension...they understand the reason why the bus fare has increased.”⁵³ Contrary to the belief of the government, many local Bajans don’t understand why the fare has been raised as bus conditions and schedules have not been improved. One woman comments that, the bus fare “is cheap compared to the world average, but down here the minimum wage is not sufficient. You have to take up the minimum wage if you

⁵¹ *Nation Update: Bus Fare Increase Part 2 - YouTube.*

⁵² *Nation Update: Bus Fare Increase Part 2 - YouTube.*

⁵³ The Nation Publishing Co. Limited, *Nation Update: Minister Cynthia Forde and Senator Kay McConney Toured Bus Terminals - YouTube.*

expect people to be able to keep paying all the extra bus fare and taxes.”⁵⁴ This fare increase is just one of many drastic measures that negatively impact local Bajans—many with no direct link to the tourism industry. These policies are a result of the severe debt crisis.

Another group that is impacted by tourism in Barbados is vendors. Vendors can be found along the south and west coasts as well as in town selling jewelry, crafts, food and drink, and clothes. In an interview with anthropologist George Gmelch (2012), one vendor explains how he became a vendor and his daily struggles. Roach, used to be a sugar cane harvester, dock worker, and golf club caddy.⁵⁵ He chose to sell jewelry on the beach because it was better economic opportunity than cutting sugar cane.

Despite the freedom in his position, he faced many challenges. “Lately it has been hard to make money on the beach. Too many guys are out here selling jewelry, too many guys trying to take the sale away from you.”⁵⁶ Aside from competition with other vendors, Roach also competes with weather conditions. When it rains, business slows down and tourists stay inside. Unfortunately, in a tropical island like Barbados, rain is inevitable.

However, “Working the beach is a lot better than cutting sugarcane...but if I had an opportunity to go someplace and make more money, I would leave the beach. I’d like to have a job working on a cruise ship.”⁵⁷

Ultimately, tourism’s impact on the economy is great, considering a population of 287,000 people are dependent on 204,830 visitors to keep their country afloat.⁵⁸ Financial

⁵⁴ *Nation Update: Bus Fare Increase Part 2 - YouTube.*

⁵⁵ Gmelch, *Behind the Smile: The Working Lives of Caribbean Tourism*, 117.

⁵⁶ Gmelch, 117.

⁵⁷ Gmelch, 118–19.

⁵⁸ “Barbados Ratcheted Up the Number of Tourist Arrivals in 2018 | Drupal.”

dependency to international and corporate interests explains why tourism should not be the main industry on the island.

VII. THE ENVIRONMENTAL IMPACT OF TOURISM IN BARBADOS

In addition to economic implications, the Bajan tourism industry continues to adversely impact the environment. For instance, the majority of food that is served in all-inclusive resorts and hotels is imported from the United States and other countries. In 2018, the government spent \$88 million on the importation of “primary agricultural goods such as lettuce and onions that can be easily grown locally”.⁵⁹ The government also “imported ten million kilos of white potatoes at a value of more than \$ 6 million dollars [and spent] \$325 million in food imports”.⁶⁰ The government’s neglect of local agriculture has resulted in many local farmers not being able to provide for their families and fear of unemployment if mass importation continues.

Many environmental issues in the island are caused by hotels and cruise ships. For example, along the southern coast of the island last year (2018), there was an emergence of raw sewage. This sewage contaminated the beaches along the south coast leaving an awful smell in the air. While many officials in the Barbados Water Authority have claimed it was due to an internal sewage plant problem, I argue the massive influx of cruise ships also contributed to the pollution. For instance, a “3,000-person cruise ship generates 210,000 gallons of sewage weekly.”⁶¹ One cruise ship produces 6,613 tons of sewage in a week or about 944 tons a day. When Royal Caribbean’s cruise ships come to the island eight times a month, they emit 7,552 tons of waste. Considering that at least eight cruise ships come to the island every month, that is

⁵⁹ Ewing-Chow, “Agriculture Project Promises To Slash Barbados’ Hefty Food Import Bill.”

⁶⁰ Ewing-Chow.

⁶¹ Shrikant, “The Case against Cruises.”

90,624 tons of waste over the course of a year.⁶² These statistics entail only one cruise ship company—337 other ships have anchored along the shores of Barbados in 2018 alone.

Even though cruise ships treat solid waste by incinerating it, “the liquid is released back into the ocean”.⁶³ This ineffective sewage treatment by the cruise ships harms the marine life.⁶⁴ This impacts the coral reef which is being destroyed as well as the fishermen in the fishing industry. If the pollutants are harming the fish, the fish will become poisoned and cannot be sold or consumed. The fishermen will be out of a job and fish will have to be imported into the island.

Pollution is not only a result of cruise ship tourism, but also local hotels who have been caught dumping trash illegally. In 2015, a private garbage service, called Quality Business Services, was hired to discard trash for hotels on the South coast. They transported this trash to the middle of the island where they illegally dumped it.⁶⁵

Most recently, the government has made steps to combat the issue of pollution on the island. As of Monday April 1, 2019, all vendors were banned from using single-use plastic.⁶⁶ While this eco-friendly decision should benefit the country, in the long run, it is also hurting the vendors financially. This ban has forced vendors to purchase the more expensive and environmentally friendly veg-ware (a recycled container for food). The complaint by many vendors is not that the containers are too expensive, but that they are not durable. Despite the vendors complaints, the Energy and Water Resources Minister Wilfred Abrahams says, “Food vendors have no excuse not to comply with the plastic ban”.⁶⁷ If vendors have to pay \$2 instead

⁶² “Bridgetown, Barbados Cruise Ship Schedule 2018 | Crew Center.”

⁶³ Shrikant, “The Case against Cruises.”

⁶⁴ Shrikant.

⁶⁵ Barbados Today, “Dumped! - Barbados Today,” accessed April 17, 2019, <https://barbadostoday.bb/2015/12/15/dumped-2/>.

⁶⁶ Barbados Today, “No Excuse with Plastics Ban, Vendors Told - Barbados Today,” April 3, 2019, <https://barbadostoday.bb/2019/04/03/no-excuse-with-plastics-ban-vendors-told/>.

⁶⁷ Barbados Today.

of fifty cents for a non-durable container, they will be forced to raise the price of food, and less people will buy at a higher rate.⁶⁸ If vendors do not make any money, they have no income to pay taxes to the government a contribution to the economy.

While attempting to eliminate pollution by locals, the government has yet to confront hotels and cruise ships about their illegal dumping and waste disposal practices. The government should not hold the local citizenry solely responsible for the environmental issues that are being caused by local hotels and cruise ships who are not discarding of their waste properly. The Bajan government must take swifter action on this issue of pollution because it poses a threat to the vitality of the tourism industry as wells as the marine life, fishermen's livelihoods, and the public health of its citizens.

VIII. SOCIETAL IMPACT OF IMF PRACTICES

Layoffs of public sector employees has been proposed as a solution to austerity measures implemented by the IMF. In 2018, over 1,500 workers were sent home from the public sector, adding to the already high employment rate of 8.2 percent. As a result of citizens being laid off and not being able to provide for themselves, they have not settled down and had families. The island's birth rates have decreased by fifteen percent over the last year ten years. This lower birth rate is significant for a small island population like Barbados. If the government continues to send more works home, there will be no workforce. "Barbadians are not making any children and officials believe it is pushing the island to a crisis of labour, reducing not only the local workforce but also putting at risk the pensions for those who have retired."⁶⁹ If pensions cannot

⁶⁸ Barbados Today.

⁶⁹ George Alleyne, "Bajan Childbirth Rate Crisis," *Caribbean Life*, February 22, 2019.

be paid to the elderly, the government will most likely have to look towards to IFIs to borrow more money, to ensure that the elderly and unemployed receive adequate assistance.

IX. LASTING IMPACT

Although tourism accounts for a great majority of the income of the island, as high as 80 cents in every dollar does not remain in the island.⁷⁰ Instead, tourism revenue goes toward airline tickets, cruises, and the restaurants and businesses of international corporations who are often tax exempt. Barbados neglects the needs of their citizens while trying to cater to the expectations of visitors. As a result, many citizens who are hired, are laid off due to budget cuts by the IMF and financial institutions via the structural adjustment program. For example, under the new restructuring of Barbados's debt, a program called Barbados Economic Recovery Transformation (BERT) was imposed by Prime Minister Mottley. Under BERT, "1,500 persons of an estimated 24,000 public servants were laid off."⁷¹ The leakage of wealth and restructuring of debt because of the leakage, is a prime example of neoliberal dependency in effect.

Ultimately, tourism is not the best option for a "modernizing" and independent nation. For one, the "lack of economic diversification leaves the state extremely vulnerable to revenue volatility, as has been shown by the global economic slowdown. If people stop purchasing that one good [i.e. a vacation to Barbados], the consequences are significant."⁷² In the long run, tourism is not as beneficial as it once was because

"too small a proportion of tourism expenditure trickles down to the local economy. According to United Nations Environment Program research, almost 80 percent of tourist expenditure goes to airlines, hotels and

⁷⁰ Rita Kennedy, "The Effects of Tourism in the Caribbean," USA Today Travel Tips, March 22, 2018, <https://traveltips.usatoday.com/effects-tourism-caribbean-63368.html>.

⁷¹ Alleyne, "Barbados Economy Ends Year on High," 12.

⁷² Michael Edghill, "Tourism and the Caribbean Economy," *Caribbean Journal*, accessed February 10, 2019, <https://www.caribjournal.com/2013/09/30/tourism-and-the-caribbean-economy/>.

international companies, with just 20 percent going to local businesses and workers.”⁷³

While international corporations barely invest in the island, they expect upgraded infrastructure, generous tax breaks, and many other perks, which is unjust. Between the demands of corporation, regulations by the IMF and World Bank, and expectations of visitors, the workers in the tourism industry have basically reverted back to a more socially acceptable form of slavery—just by another name.

X. PROPOSED SOLUTIONS TO THE DEBT CRISIS

This story of economic failure represents a never-ending continuum and is not an isolated incident. Although many economic experts have proposed various solutions to this crisis, none has been successful. Scholars like Sir Hillary Beckles propose that Barbados demand the British government pay reparations for the enslavement of Barbadians. Clyde Mascoll suggests that the government (regardless of political party) should control spending habits and truly put the people first, and not their pockets and agendas.⁷⁴ Economists like Dr. Don Marshall have suggested that Barbados leave the IMF alone completely and look to China for help.⁷⁵ Unfortunately, as brilliant as these economic minds are, only the Minister of Finance (which happens to be the sitting Prime Minister), Mia Mottley can make any final economic decisions of the island for the next five years.

⁷³ Nick Marshall, “Pros & Cons of Caribbean Tourism,” USA Today Travel Tips, March 22, 2018, <https://traveltips.usatoday.com/pros-cons-caribbean-tourism-111681.html>.

⁷⁴ Mascoll, “WHAT MATTERS MOST: Road to Dependence.”

⁷⁵ “Business Monday: Take Non-IMF Route | Barbados Advocate.”

XI. CONCLUSION

Over 180 countries out of 195 in the world today have a standing public debt today. This is especially true for formerly colonized countries, especially in the Caribbean, who have incurred and continue to accumulate enormous debt today. This debt crisis is rooted in various conditions such as the history of colonization and slavery which put these places into debt and has led to, poor policies and legislature, and international borrowing at high interest rates that are unaffordable.

The government as well as the citizens of Barbados have a choice to make. They can either sit idly by and allow themselves to be entangled into further debt, or they can diversify the economy. Under no circumstances should a country like Barbados determine their worth by record number of arrivals at both air and seaports throughout 2018”⁷⁶ If the tourism industry completely failed tomorrow, Barbados as well as other Caribbean nations, would be in shambles. Just as Antigua, Barbuda, Dominica, Puerto Rico and the U.S. Virgin Islands who are dependent on tourism are struggling to keep afloat after Hurricane Maria.⁷⁷ Diversifying the economy would not only protect the economy and environment but also help to reduce the extensive borrowing from IFIs that remains fundamental to the island’s tourism industry.

Barbados has a long way to go in this process of becoming debt-free. Especially since it bears “the heaviest debt burden of Caribbean countries when compared to its level of production of goods and services.”⁷⁸ Although this burden is great, it is not impossible.

⁷⁶ Caribbean Life, “Caribbean Roundup,” 2.

⁷⁷ Caribbean Life, 4.

⁷⁸ Alleyne, “Barbados Leads Caribbean Debt.”

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