

# Some Alternative Thoughts on Endogenous Development

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## Abstract

This paper seeks to reinforce the importance of a national development framework for The Bahamas that considers the country's historical, social, cultural, institutional, and political influences. It is argued here that qualitative policy intervention ought to be an important positive force within the context of transnationalism, financialization, and imperfect competition, as socioeconomic advancement is a continuous work in progress for countries at all levels of development. The methodological approach utilised in the article is based on a distinctively Bahamian developmental state perspective alongside aspects of international political economy. The focus of this contribution is to sketch out the policy framework that might be advisable to develop and diversify Bahamian production lines—given the country's excessive reliance on tourism and financial services—while helping the country move to the next level of socio-economic progress. A developmental state with Bahamian characteristics is proposed here as a necessary policy framework for the support of selected industries of high potential and achievability while leaving space for further social and political advancement.

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## Introduction

Globalization is far from new. Modern economies, societies, cultures, and languages have become increasingly integrated through a high degree of economic interdependence, contemporary forms of international relations and politics, and the astonishing revolution associated with information technology and a fast-paced digital world. What makes the present globalization different is the degree to which the technological revolution has led economic and cultural outcomes to be interconnected. There is an implicit supposition in neoliberal globalization that the dynamics of the global capitalist system will ultimately make local cultures obsolete. Even though global capitalism advocates

assume the superiority of Western values, they continually assert that material prosperity can be achieved within endogenous contexts. Yet, the trend toward neoliberal globalization frequently seems to obscure the active role of the sovereign government. To place these issues in the right context, however, a compelling analysis has to take into consideration important long-lasting heterodox notions, namely, history, emergence, path-dependence (the historical hang-over), institutional structures, political economy, power, idiosyncrasies, local culture and social psychology, national development acumen and international relations (Elsner, 2019).

Having such national development inclinations in mind, this contribution provides the Bahamian context in retrospect (Section 2); presents key notions of a developmental state framework with Bahamian characteristics (Section 3); and offers developmental state-based policy implications, which are deemed necessary for increasing the country's self-sufficiency and resilience (Section 4) then ends with a summary and conclusions.

### **The Bahamian Context**

Historically, it is important to see the economic development of The Bahamas in the context of a British West Indian colony. The story of The Bahamas includes a legacy of suppression of indigenous populations, slave labour, and colonial hegemony that has shaped its economy, social structures, and culture. After slavery was abolished, the islands of The Bahamas remained under the shackles of colonialism. Both during colonial days and since independence, social struggles have helped shape the country's political discourse. This path of dependence continues shaping and confining the Bahamian political economy. In sharp intellectual contrast to the traditional European theories that have failed to explain the origins and persistence of the underdevelopment of The Bahamas, many prominent scholars and radical political economists sought to explain these origins and the continuance of the process and mechanisms of the country's blocked development. The failures of the economic development strategies proposed by Anglo-Saxon approaches were attributed to their attempt to impose models derived from the experiences of advanced countries—which have their internal mechanisms of growth—on The Bahamas, which does not possess such internal mechanisms. The reasons for this lie in the country's historical legacy.

To be more specific, The Bahamas has been dominated by the legacy of institutions, structures, and behaviour patterns of colonialism, which are not only deeply entrenched but have also significantly restrained the capacity of the local economy to eliminate dependence on metropolitan capital and generate internally-propelled and sustained growth. The subordination of the country as a colony of Western Europe, the restrictions placed on colonial production lines, monopoly control of colonial trade, the patterns of trade and unequal exchange between colony and metropole, and the appropriation of the wealth produced in The Bahamas by dominant foreign interests were all important factors that cut loose its production base and contributed to the country's subordination (Eneas, 1998; Marshall, 1998; Karagiannis, 2002a).

The ruling class in The Bahamas sought to hold onto socio-economic power through the acquisition and ownership of economic resources, and control of the legislative bodies. This ruling social elite, given its vast ownership of the means of exchange, not only dominated domestic trade but its historical ties to the metropolis also sustained its dominance in the external trade. Predictably, wealth remained skewed along racial/class lines, since the land and resources that underpinned this agro-commercial model of accumulation were in the hands of the ruling class (Marshall, 1998, pp. 49–50). Consequently, the country continued its legacy of subsidiarity to metropolitan business interests (even today, trade becomes not simply evidence of the structural dependence of The Bahamas, but also serves to support those relations of exchange that can only exist through the systematic reinforcement of the country's structural imbalance). In addition, the mode of production and the organisational outlook of the state generated a peculiar culture that was not geared towards continuous restructuring

and diversification of the Bahamian production base (Karagiannis, 2002a, p. 48).

After the Second World War, transformative impulses operated through the specific post-war conjuncture of forces at the geopolitical and international levels. As a result, The Bahamas entered a new era of economic development, as tourism became the engine that propelled the economy, and a new agricultural system was gradually being introduced. Indeed, in the early 1950s, a second wave of technology swept into The Bahamas in the form of large offshore companies and branch-plant firms under metropolitan ownership and control. After 1960, more companies joined the ranks of large-scale agricultural businesses (e.g., fruit and vegetables, dairy products and poultry). The hope was that these companies, over time, would turn towards agro-processing activities, or by their presence encourage foreign interest in this sector. The trend continued with limited success through the 1970s, 1980s and 1990s (Eneas, 1998, p. 17).

However, these foreign-owned companies engaged in little processing and established few linkages with other sectors of the Bahamian economy. Foreign capital could not objectively promote significant industrial development in The Bahamas because of the way in which the social elite, government, and merchants bestrode the local economy. Besides, Britain, and later the USA, have never encouraged real industrial development in The Bahamas. Consequently, both agriculture and manufacturing industries were downgraded within the new development thrust, while commerce dominated production (Marshall, 1998, p. 70).

These developments coincided with the emergence of Black petit-bourgeois elements and professionals in the social structure and political order. This small Black petit-

bourgeoisie was to become the new political class by the time of Independence. At the lower societal rung, the wider social populace were involved in a dizzying variety of activities, like small-crop agriculture and farming, fishing, handicraft and the like. However, the socio-economic order and the model of accumulation remained intact in The Bahamas as the potential for a challenge was circumscribed by the process of tutelage in self-government conducted by British advisors (Marshall, 1998, pp. 61–62). Furthermore, the country's tax haven status coupled with "investment by invitation" policies followed by successive Bahamian administrations (i.e., the large role that has been assigned to private foreign capital in the growth process, starting with the inflow of British capital just after the end of World War II and later with the influx of finance from other sources, particularly the USA). The government's dependence on taxes on international trade, and the commercial oligarchy's interest in tourism, offshore banking, and real estate, fostered a climate of mutual cooperation between the state and the wealthy elite during the last five decades (Karagiannis, 2002a, p. 11).

In fact, while The Bahamas has always had its *sun, sand and sea*, it is only since the early 1960s that tourism grew to a position of any pre-eminence (i.e., the 1960s boom). However, the almost total dependence on external sources for food, equipment and materials made tourism, and still makes it, largely an offshore activity in which the country plays little more than a peripheral role (Ramsaran 1983, p. 44). Furthermore, the growth of the tourism industry in The Bahamas has not been accompanied by endogenous development. By the 1970s, lucrative and low-risk opportunities for the deployment of wealth in commercial and services-related activities had been created, and the import traders amongst them saw a space for their social reproduction within

such policies that promised an expansion of consumption (e.g., retail outlets, supermarket chains, and hardware stores, especially in the capital Nassau) (Marshall, 1998, p. 71).

What's more, merchant capitalists became entrenched in the corporate makeup of the Bahamian society, increasing their resource ownership and control in real estate, land, hotels, distribution outlets, family businesses, insurance companies, and banks. Clearly, the overriding goal was stability and, given the character of the post-colonial political economy, stability came to mean business as usual. This was not surprising since the state apparatus that had been used to underpin the hegemony of British and local merchant capital was to become the instrument of a petit-bourgeois ruling class that, like the merchant capital, was not sited in any production process. Besides, there was no prior entrepreneurial subgroup with the interest, the influence, or the collective need for a state capable of facilitating and enforcing productive investment on the part of those who appropriated the social surplus.

Business-as-usual became a simple solution grounded in the need to placate the fears of the elite while providing governments with the income to improve infrastructure and distribute patronage. Import trading (which garnered high revenue yields in the form of import duties and tariffs) and an increased role for government in the Bahamian economy went towards satisfying status-quo retention and regime consolidation. Consequently, the new Independence order had a reproduction requirement that was very difficult to overcome, while the state was remade to satisfy and facilitate the interests of both the complacent merchant class and the petit-bourgeois class (Marshall, 1998, pp. 63–64). Furthermore, dispensing political favours to different strata in the Bahamian society was crucial to the project of stability taken on by the new political class. The

political order and the reproductive logic of existing social relations did not necessarily require the state to promote robust industrial development in The Bahamas.

Petit-bourgeois instrumental control over state power meant that a significant part of the state's resources had to be used for political needs that would ensure regime consolidation along with extensive patron-client relations. Hence, the expansion and deepening of industrial capital as a developmental project was likely to remain stifled. Predictably, the Bahamian state found itself compromised and torn between a conservative impulse –that is, the need to preserve the existing order – and a transformative one given the prevailing narrow base of the country's corporate-commercial economy. Evidently, the Bahamian social formation has thrown up weak state structures, resulting in skewed developmental agendas, poor government planning and oversight, and deep-seated resistance to deepening local industrial production (Marshall, 1998, pp. 68–69).

Indeed, the failure to engender the rise of a developmental state is a common feature of Commonwealth Caribbean countries, in general, and The Bahamas, in particular. This distinct feature, the long historical absence of developmental states, has been a by-product of their international political economy. In the colonial period, the state remained mother-country-oriented.

After decolonisation, it became patronage-based. At critical historical moments, the state failed to engender the rise of an industrial class or stimulate greater local productive activity, and the state power-holders shied away from deepening the process of capital accumulation to safeguard colonial interests and, later, the political survival of the new political class (Marshall, 1998, pp. 43–44).

Political parties in power continued to staff

the civil service with their supporters; consequently, the Bahamian bureaucracy swelled immensely. Moreover, civil administration has been infected not only by excessive proceduralism but also by classist and colonial values that have acted to inhibit or frustrate government programmes. The lack of technical capacity placed limits on the Bahamian economic transformation process. More importantly, the compromised character of the Bahamian state inhibits its capacity to act as an agent for deploying power to assist in broad-gauged, long-term projects and strategies. This was manifest in the failures and short-circuiting of transformative impulses that occurred during the last 50 years or so (Marshall, 1998, p. 44).

In short, the Bahamian endogenous economic growth pattern had been restrained before 1973 and has remained so post-Independence. A strong dependence on foreign activities and tourism and specific tourism markets, vulnerability to weather-related shocks and global happenings, and being a small country—spread over dozens of islands— all constrain the country’s economic growth potential. At the same time, severe macroeconomic problems such as the debt-to-GDP ratios and trade deficits have been massively increasing.

### **Towards a Developmental State with Bahamian Characteristics**

The success story of the Asian tigers has spawned considerable literature, and it is in East Asia the prototypical development state is found. Pulling together the works of major contributors (e.g., Johnson, 1982; Amsden, 1989; Wade, 1990; Evans, 1995; Leftwich, 1995; Chang, 2003), a developmental state outline needs to incorporate 10 distinctive rudiments:

- developmentally-oriented leadership;
- competent state bureaucracy;

- pilot agency;
- sufficient state autonomy;
- embeddedness;
- policy selectivity;
- capacity to master the market;
- ability to organise civil society;
- competence to organise private interests;
- good performance and legitimacy.

The first five facets relate to the nature and quality of the organisational structure and personnel of the developmental state apparatus; the next two traits illustrate its effective intervention mechanisms; and the last three attributes refer to the outcomes of the first seven features of the developmental state model. These contributions reveal the importance of long-standing heterodox notions: history, emergence, path dependence, institutional structures, political economy, power, idiosyncrasies, local culture and social psychology, national development acumen, and international relations (Elsner, 2019). In addition, for a realistic understanding of a country’s development needs, while taking developmental state’s distinctive rudiments into consideration, one has to transcend the market-state dichotomy and accurately ground the debate on the formation and evolution of the national and global socioeconomic influences under which the market and state function.

There are important lessons that can be gleaned from the developmental state model and its performance over the past half-century. Mindful of its limitations but steeped in a regard for reducing fundamental tensions that permeate throughout a society, a developmental state tries to develop through rigorous planning, a society that is prepared to go to the next level of advancement. Despite notable social and political challenges (political authoritarianism, human rights violations, repression of labour unions,

gender discrimination, and mistreatment of ethnic minorities), the populations of East Asian economies have experienced improvements in income and general well-being unparalleled in human history.

In the case of the Bahamian state, deliberate policy attempts to foster industrial expansion and attract foreign investments by offering various tax incentives can be traced back to 1951 (*Industries Encouragement Act* No 27 of 1951), to encourage manufacturers, aim mainly at foreign markets. In 1955, more incentives were provided in the form of the Hawksbill Creek Agreement, which offered exemption from taxes on income, capital gains, real estate, and property until 1990 as well as exemption from customs duties (except on imports for personal use), excise, and stamp duties until 2054 (Ramsaran, 1983, p. 23). In 1970, in the wake of growing concern over the heavy dependence on tourism, the government adopted a new *Industries Encouragement Act* (No 10 of 1970) which, in addition to granting freedom from import taxes and duties on essential means of production (e.g., plant machinery, tools, equipment, raw materials, etc.), offered complete exemption on all earnings for 15 years to approved enterprises. However, given the absence of income and corporation taxes in The Bahamas, this latter incentive was rather a guarantee.

Moreover, the second largest city of the country, Freeport in Grand Bahama, is the place where almost all the industries are located. Freeport, as the name implies, was first conceived as a free port by the American citizen Wallace Groves, who saw enough potential for a major venture (due to the proximity to North American, Caribbean, and Latin American markets). To carry out his plans in 1955, the government gave his company (the Grand Bahama Port Authority) “exclusive rights to develop 50,000 acres of unused Crown lands, control over

employment, special powers to administer the free trade zone until August 2054, and tax incentives as were provided under the Hawksbill Creek Agreement” (Ramsaran, 1983, p. 30). However,

within five years of the signing of the original agreement, not only did the area under the Port’s control increase to 138,000 acres (about 40 percent of the island of Grand Bahama), but the project itself took on a more ambitious dimension, extending its scope from a more or less strictly industrial and commercial complex to the construction of resort facilities and residential and shopping areas including the development of golf courses and other social amenities. With the introduction of casino gambling in the early 1960s and the construction of a deep water harbour in addition to the provision of certain basic infrastructures such as water, electricity and telephone services, the area soon developed a phenomenal momentum which continued right up until the end of the 1960s. (Ramsaran, 1983, p. 30)

Besides, the number of visitors to Freeport increased from around 27,000 in 1963 to more than half a million in 1971, while the population itself swelled from an estimated 150 in 1956 to over 15,000 in 1970. Of the latter figure, it should be noted that more than half were of foreign origin, brought in to run the industrial and commercial concerns located in the area (Ramsaran, 1983, pp. 30–31).

In the late 1960s, the new political administration:

gave notice of its intention to re-establish control over immigration in the Freeport Area and to amend the Hawksbill Creek Agreement, if found necessary to do so. This decision, not unexpectedly, created a

great furore, the reverberations of which are still being heard, as the critics of the administration seek to attribute the downturn in activities in the area [and the loss of momentum during the 1970s in this industrial enclave] directly to the Government's action which was carried out in 1970. (Ramsaran, 1983, p. 31)

Since the early 1970s, figures and statistics show that the share of the foreign-dominated manufacturing sector in the country's total domestic exports is extremely high and, therefore, clearly illustrate the importance of these industries in the export trade of The Bahamas. It is also worth noting that "the oil business is an 'offshore' one with little linkage to the domestic economy" (Ramsaran, 1983, p. 26). Overall, the contribution of the manufacturing sector *vis-à-vis* tourist-related activities has undoubtedly been very insignificant.

Yet, industrial strategies and policies in The Bahamas have not been developed systematically or coherently as effective instruments in government policy-making. A regulatory and reactive role—as contrasted to the developmental role—has been the traditional focus of most policy interventions with the national government "acting to remove market imperfections, acting as an adjunct to the market, [and] working at the edges of the market system" (Cowling 1990, p. 16). More to the point, although there have been significant writings by distinguished Bahamian authors (e.g., Eneas, 1998) that have examined the impact of government policies on the country's development efforts, there are limited research attempts that have sought to examine possible facets of the transferability and applicability of the East Asian developmental state in the context of The Bahamas. Published work by Karagiannis since the early 2000s, as a thoughtful intellectual inquiry, seeks to expand on these research efforts and to

explore and assess the feasibility of a heterodox, highly interventionist, developmental state framework with Bahamian characteristics, which is missing from the literature.

Accordingly, the construction of an alternative development paradigm for The Bahamas would be a serious political and social undertaking, and could face arduous obstacles. Indeed, effective policy innovations require far-reaching changes and, to the extent they challenge existing socioeconomic power, would encounter severe political challenges. Failure to change will lead to the continuation of status quo, and may well exaggerate future socioeconomic challenges and bring about further decline in The Bahamas. Still, such radical changes need to be guided: on institutional grounds, by reshaping and rationalizing government sections and departments, especially those that are directly and intimately involved in industrial expansion, investment, and trade; in policy terms, by coordination, foresight, and consensus; and in the political arena, by shifting the balance of power towards those social classes and groups that favour developmental solutions to economic glitches. This can be highly contentious and challenging in The Bahamas because of constraints of elected political leadership, the difficulty in establishing long-term planning, the general lack of political will, and the contests in having such alternative views channeled through political avenues (Karagiannis & Madjd-Sadjadi, 2007).

Existing socio-political forces within the ruling classes in The Bahamas seek to expand the sphere of commercial activities and services (i.e., post-industrial age). Political executives and policy advisors fail to grasp that improving endogenous competency and overall industrial competitiveness is a socioeconomic transformation undertaking

that goes well beyond the confidence placed on market solutions. Furthermore, restrictive measures cannot address the continuing multidimensional challenges of The Bahamas. In complete contrast, pursuit of developmental objectives requires that policy design must move well beyond *ad hoc* solutions to address pressing macroeconomic problems, like national debt and fiscal deficit, and to deal effectively with the conflicting goals of short-run capital gains and long-term socioeconomic advancement (Karagiannis, 2002a).

Obviously, a production-oriented developmentalist outlook for The Bahamas would need politico-institutional and regime changes that can bring into power new constituents, such as forward-looking entrepreneurs and manufacturers, progressive intellectuals, and morally committed economic technocrats (as the brains for carrying out developmental intervention within a political network that offers sufficient room for initiative-taking and effective operation). These persons need to possess the necessary aptitude for meeting enduring social, economic, and political challenges, and must agree to a sensible developmentalist conviction, which accepts that government—with effective levers of intervention—can play an important role in a production renaissance and restructuring, raising the quantity and quality of industrial investment, and fostering links with civil society. Such an approach requires a combination of plan and market, strategic planning in selected policy arenas, and effective statecraft and new government-societal relationships (Karagiannis, 2002b).

To dispel concerns that policy action will be overrun by vested interests, the government that has the authority, legitimacy and support must lay down the national purpose agenda and a strong domestic platform, while technocrats provide planning and overview.

Realistically, even under existing conditions of neoliberal globalization and the pressures from international institutions (i.e., International Monetary Fund, World Bank, and the World Trade Organization), the government of The Bahamas still has the policy space for strategic action. However, a purposeful strategic plan depends on such important considerations as the country's relative bargaining position and diplomacy; the capital, technological requirements and skills needed by the industry; and the role of the particular sector in the bigger scheme of the country's industrial expansion. Indeed, an intelligent government in The Bahamas should try to attract and position industrial investments within technically proficient planning agendas in order to acquire the necessary capital, new technology, knowledge, and marketing networks (Chang, 2003).

In designating sectors as strategic, special consideration ought to be given to those sectors and activities that can achieve significant local production. Such value-added and diversification can lead to significant employment creation that is, in turn, linked to higher productivity and compensation of labour; and can attain exceptional trade performance and international competitiveness. Consequently, a proactive developmental state would emphasise industrial targeting by placing dynamic sectors of high potential at the centre of economic increase, restructuring and repositioning instead of having a uniform policy towards private investments as neoliberal economists and consultants and international financial institutions persist recommending. Each sector serves different functions in the overall scheme of the country's industrial growth, and it would be foolish to have the same policy attitude across different industries (Chang, 2003). Moreover, a production-oriented restructuring must lead in a corporatist



trajectory and a strategic partnership between the government sections involved, forward-looking industries, and social segments.

Indeed, if such thorough alternative strategies are to solve such complex problems in The Bahamas, they require participation, broad-based acceptance, and effectual conflict management. Democratic planning involves participation as one of its defining features and a vital aspect of the process itself. Participation is a crucial issue in ensuring sufficient motivation, creativity, and human effort are helpful to guarantee that thorough, technically proficient strategies and policies can be successfully carried out. In addition, participation by social partners can improve the organisation of production and help restrain the destructive power of interest groups. As the nature of a developmental state with Bahamian characteristics would derive from more comprehensive government-society relations, special emphasis ought to be placed on policies of social inclusion and on expanding the space for public deliberation (Karagiannis 2002b). Still, it may take long time and gigantic efforts for the country's anti-neoliberal forces to organise a mass progressive and supportive socio-political movement.

Certainly, an important question centres on the compatibility of the developmental state model with The Bahamas' political liberalisation, democratic forms of governance, social psychology and resilient culture. It would generally be wrong to consider that the East Asian developmental state experience could, or indeed should, be transplanted to The Bahamas that has a quite different history and culture, and strong idiosyncrasies. Rather, what is important to learn from the East Asian success story is the strategic approach to overcoming development obstacles. Accordingly, the development challenge for Bahamian decision and policy makers is to devise forms

of strategic industrial policy "that are consistent with the norms of democratic accountability and, perhaps, with more limited concentration of state and corporate power than has been the case in the East Asian context" (Onis, 1991, p. 123).

### **Developmental State Policy Considerations**

A main point of mainstream and neoliberal reports and policy proposals is their blind acceptance of free-market globalization and integration. In complete contrast, we propose here a dynamic mixture of domestic and competitive developmentalism, with a more inward focus in the first instance and export promotion coming as an extension, as a genuine nationally-propelled alternative approach should give a far bigger role to endogenous growth factors and industrial targeting. Indeed, it is imperative for The Bahamas to aggressively pursue the advancement of its dynamic sectors of high potential and achievability. The country may emphasise such industrial activities as follows:

- Different types of tourism and hospitality (e.g., ecotourism, medical tourism, cultural tourism, sports and beach tourism). The range of international travellers and market niches represents a form of diversification, which creates local employment, stimulates domestic industries, injects capital and new money into the economy, and helps to both reduce risk and distribute income over the year.
- Its own local food and beverage production. Primary production, including organic farming, must be viewed as a business. In essence, agriculture must be synonymous with agribusiness, from which agri-food enterprises (be they small, medium, or large) will form the productive entities to drive the sector. New agriculture ought to be manpower-

efficient, agribusiness-based, value-added-oriented, technologically driven, competitive, and environmentally sound (Eneas, 2009).

- Its own entertainment and cultural initiatives. Such initiatives can enhance historical and cultural knowledge, contribute to experience sharing, strengthen local communities' esteem, revive indigenous traditions and crafts, boost local production lines, and generate revenue.
- Forms of solar, renewable, and alternative energy. As the Bahamian economy depends heavily on its natural assets as well as its interlinked traditional and emerging sectors, scientists and decision-makers need to place special emphasis on the mechanisms and calibrated policy actions to foster green and blue growth activities.
- Creating a strong maritime sector in the country with the necessary affiliated services, policies, and educational tools to serve it will not only be plausible towards making The Bahamas a major international maritime crossroad, but it will also lead to economic development by providing a centre that will serve an international clientele and will attract more foreign investments.

In theory, the blue economy has its origins in the green economy concept and is based on a sustainable development approach. Here, we extend the broad term of Bahamian natural assets to incorporate its blue economy, which comprises economic activities related to the sea, ocean, and coasts, and covers interlinked emerging and traditional sectors (National Development Plan Secretariat, 2017; European Commission, 2018). In addition to the long-established ocean activities such as tourism and fisheries, the blue economy includes ocean ecosystem services—e.g., biodiversity, carbon sequestration, coastal

protection, and waste disposal—and other economic externalities that are not accounted for by the private market. Furthermore, it encompasses areas where the private sector can take on a significant role, such as aquaculture, bioprospecting, marine biotechnology, renewable energy, and seabed extractive activities (World Bank & United Nations Department of Economic and Social Affairs, 2017).

Certainly, the mutually beneficial links between tourism, agroindustry, and green and blue sectors can provide a strong foundation on which endogenous productive initiatives can build. More to the point, these promising industrial activities at the national level can open up possibilities and institute incentives for a wide range of new production lines. National production growth is expected to lead to a widening of the Bahamian market, which will bring about industrial competency upgrading and competitiveness improvement. After more national resources have been put to use, changes in technology and production techniques will considerably expand the Bahamian production base, induce investment, and effectively utilise these resources to boost local economic growth (Karagiannis 2002a; 2002b; see also National Development Plan Secretariat, 2017).

Modern production techniques make it possible to manufacture in small series on a viable basis. Targeting and flexibility are also possible, especially if they can draw on modern industrial planning and smart specialisation. Given the growth of production of local industries and the improvement of national competitiveness, demand for imported capital and goods could decline and exports of local products expand. Consequently, the country would make a greater and better use of its productive resources and capacity, while at the same time easing its balance-of-payments

constraint. Industrial targeting can be a realistic and feasible policy option that will only require the employment of existing resources in different ways, a rigorous system of checks and balances, wiser public finance, and different government policy choices which are free of corruption and favour (Karagiannis, 2002a).

Since investment funds will come through government and international sources and, largely, private initiatives, the market and the state will have to successfully coexist and act as partners with one another to carve out their spheres of competency and influence and share in the benefits from their mutual collaboration (Karagiannis & Madjd-Sadjadi, 2007). A modern intelligent Bahamian government that has learned from the wasteful mistakes of the past would find ways to ensure that the best business practices of dynamic and propulsive industries benefit the national economy. It should focus investment on the modern factors of growth, aligning finance with the industrial targets and linking productivity improvements with income; and should emphasise technically proficient initiatives that allow industries to craft responses to changing market circumstances and translate industrial applications into commercial products.

Institutionally, developmentally and culturally, the externally-promoted neoliberal proposals have not achieved the intended economic and politico-institutional goals for the Bahamian population, especially when considering negative and vexing socioeconomic and developmental outcomes (e.g., negligible local production, high unemployment among young people, massive inequalities and marginalisation, etc.). These continuous glitches cannot be disputed, but the main challenge for decision makers is understanding that policies based on economic neoliberalism and the

Washington Consensus can fail (actually, have failed) miserably. These policies rely heavily on the misguided application of models of perfect competition to markets that are not perfectly competitive. Their theoretical flaw is not a minor problem; it is all undertaken to account for the massive failure to deal with real-world economies. Uncritical imposition of neoliberal remedies without the intervening stage of endogenous formulation neither recognises the possibilities of change permitted by local conditions nor respects the limits on these possibilities imposed by them.

Alternative, progressive thinking has always been an important part of the oppositional tradition in the sphere of knowledge. It is one manifestation of resistance in the behavioural, religious, ideological, and philosophical elements that have their roots deep within the Bahamian society (Karagiannis & Polychroniou, 2017, pp. 37–38). As the institutes which provide ideas and policy recommendations are very conservative, genuine, distinctively Bahamian national development efforts call for a broader cultural involvement in development thinking and propose a vision of society that removes itself from the ideas and social psychology of Western-type modernisation which currently dominates it. Ultimately, the best road ahead can only be found by way of analysis of history and of the specific economic, social, and cultural conditions of the Bahamian society. Such a holistic development approach for The Bahamas is thus interested in local knowledge and culture and holds a critical view against the remedies proposed by the doctrines of economic neoliberalism and the Washington Consensus.

In this regard, University of The Bahamas can assist greatly in any policy-making and planning activities by bringing the resources of an indigenous tertiary institution of learning to bear on the problems that plague the archipelago nation. The main aim of University of The Bahamas would be to provide an efficient and effective service to the country through quality education, applied research, consultancy, and extension services consistent with national development goals and policies. Thus, the University would strengthen the knowledge base of the society as a whole by improving learning and training; stimulating research and technological development; supporting information systems for use by the different actors in the economy; and encouraging the development and diffusion of entrepreneurial skills. Being the indigenous university of the country, University of The Bahamas can serve as a platform to raise public awareness and promote discussion of social, economic and political issues of national interest, and public policies (National Development Plan Secretariat, 2017). As research provides an education that is informed by leading-edge concepts, relevant research endeavours will have to be significantly enhanced to meet modern challenges and foster strong collaborative links with industry. Indeed, in order for the University to play a key role in the country's development towards a knowledge hub, it will have to focus on science, technology, and other important subjects (specified by rigorous industrial targeting), and create complementarities aimed at promoting the endogenous development of the national economy.

### **Concluding Remarks**

The main concern of this contribution is to offer an alternative, distinctively Bahamian response to the country's development disorder that explicitly incorporates the factor of size. Neoclassical and neoliberal growth

theories, characterised by the absence of historical understanding and awareness, do not deal adequately with the problems of designing an economic strategy for transforming small dependent economies like The Bahamas, which must undergo this transformation during the present neocolonial post-Covid era. In particular, the article charts the way forward by analysing the contours of a new landscape while distilling important lessons from the past and claiming that foreigners would not genuinely mold the country's economic destiny. The article also examines the unfolding dynamics at the national and international levels and proposes sound alternative policy recommendations to serve as the foundation for endogenous development and competency (National Development Plan Secretariat, 2017).

The contribution argues that in a world of imperfect competition, and inadequate access to modern knowledge and know-how to use it, there are sound analytical grounds for following developmental state policies and adopting a production, capital accumulation, and innovation-oriented approach. Such an approach seems, certainly, a better option for the endogenous development and competency of the Bahamian economy, than a frantic search for accelerated Western-style modernisation. Changing times invite the Bahamian government to shift its policy focus and discover new areas that will foster endogenous development for the country.

Furthermore, I attempted to identify promising and dynamic areas The Bahamas can focus on to counter the pernicious effects of the current global economy and other international developments on the nation. The country has an abundance of seawater and renewable resources, both of which can become tools of a purposeful development strategy by working further to make the country an international maritime crossroads

and by taking advantage of its renewable resources and its agro-industrial possibilities. These propulsive sectors of development

target self-sufficiency that can be better achieved by significantly expanding Bahamian production lines.

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