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Economic Sustainability of Eleuthera

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ABSTRACT

This paper explores the economic sustainability of the island of Eleuthera in the Bahamas. The Island of Eleuthera has a high unemployment rate. The majority of employment is in the tourism and public service sector. First, the economic history of Eleuthera is explored to find out what caused the economic stagnation of a once booming economy. After exploring past economic trends on the island, the solution of ecotourism as a viable economic stimulus is examined. Ecotourism case studies on similar islands were researched in terms of success and viability. This paper finds that ecotourism is a both a sustainable and possible economic solution for the stagnant economy of Eleuthera.

INTRODUCTION

Sustainability can take many forms, and there are tradeoffs between sectors. Sustainability in one sector could mean the loss of sustainability in another. According to The Concept of Sustainable Economic Development, "sustainable development involves a process of trade-offs among the various goals of [biological, economic, and social] systems" (Barbier 1987). A sustainable system for the environment may not be sustainable for the economy. This posed the question: is the economy of the island of Eleuthera sustainable?

Overwhelmingly, the economy of Eleuthera was not found to be sustainable with Eleuthera's unemployment rate reaching a shockingly high level. According to Eleuthera MP, Damian Gomez estimates the unemployment rate of South Eleuthera is guessed to be between 70 and 80 percent (Dames 2015). This is compared to the national unemployment rate of The Bahamas which is 15.7 percent ("Bahamas Unemployment Rate" 2015).

THE ECONOMIC HISTORY OF ELEUTHERA

This was not always true for the island of Eleuthera. During the 20th century, the economy of Eleuthera was fueled primarily by three tycoons (Smith 2008). The first was Arthur Vining Davis, chairman of Alcoa, which was the world's biggest aluminum manufacturer. The second was Austin Levy, a New England cloth maker. The third was Juan Trippe, founder of Pan American Airways. Many wealthy migrants came to Eleuthera to evade taxes and enjoy warm winters. There was such a massive flow of money that the Royal Bank of Canada set up a trust company, RoyWest, which pioneered tax shelters.

Trippe was responsible for the development of the commercial airline industry in the 1950s and 60s. He transformed South Eleuthera into a destination of choice for North America and Europe. He increased tourism by expanding the Rock Sound airport so Pan Am jets from New York and Miami could fly in daily. Eleuthera was ahead of its sister islands for a period of time with their airport in Rock Sound having US pre-clearance privileges before some of the most

developed islands such as Grand Bahama (Smith 2008).

These men played a significant role in the success of Eleuthera's economy at this time but perhaps the primary stimulus to the tourism industry was the imposition of the trade embargo by the United States government on Cuba in 1961 according to *The Report: The Bahamas 2009*. This essentially prevented Americans from traveling to Cuba and forced the tourism industry of the time to find alternative destinations. In the late 1950s, Cuba was the desired vacation area for many Americans. This was due to Cuba's nightlife and casinos. As a result of the ban on travel to Cuba, much of this traffic switched to The Bahamas ("The Report: The Bahamas 2009").

Things began to change for the Bahamas. In 1969, Sir Lynden Pindling, who was the lead politician of the Progressive Liberal Party, made a famous speech in Freeport. In this speech, he pledged that they would follow the wishes of the new majority. After his speech, investment dried up, and the island's tourism industry entered a period of stagnation (Smith 2008).

According to *The Bahama Pundit*, Trippe invested \$35 million Cape Eleuthera Resort in 1970 (Smith 2008). The Cape Eleuthera Resort wanted to clean up the surrounding areas. They took measures such as giving the locals paint to decorate their houses. Five years after the construction of the Cape Eleuthera Resort, it was already 140 million dollars in debt. Still, only a small number of homes had been constructed. The failure of Cape Eleuthera Resort signified the end of the booming economic era for Eleuthera (Smith 2008).

Because of new leadership, the new government created uncertainty in the investment community and some investors pulled out. This forced the government to take over a number of hotels and attempt to operate them itself to maintain employment levels.

A UNIQUE SOLUTION FOR A UNIQUE ISLAND

Currently, Eleuthera is a breeding ground for failed resorts and unfinished houses. There seems to be a trend that the successes of Eleuthera are directly related to the activities of America. When Americans involve themselves in their economy, Eleuthera does very well. But too many times, American investors leave when things get tough and in return, they generate dilapidated structures and failed resorts.

During our visit, we toured one such failed resort, Club-Med. It was obvious that it had been completely abandoned. Cracked facades, overgrown vegetation, and busted windows dominated the appearance of the property. An abandoned pool with filthy water was the crown jewel. What I found most shocking was that the property was home to the most beautiful beach that I had seen during my entire two-week stay. They had the perfect location but still failed. This led me to the conclusion: resorts are not an economically sustainable solution for Eleuthera. This was a fact proven many times by many failed resorts on the island. If this would not work, what kind of solution was there to save Eleuthera's economy?

Ecotourism is both a sustainable and viable solution for the economy of Eleuthera. According to The International Ecotourism Society, ecotourism is defined as "responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education" ("TIES Announces Ecotourism Principles Revision" 2015). This is an easily attainable solution for Eleuthera's economy. According to *TIES Announces Ecotourism Principles Revision*, some of the principles of ecotourism are to minimize physical, social, behavioral, and psychological impacts, provide direct financial benefits for conservation, generate economic benefits for both local people, raise sensitivity about local environmental and social climates, and lastly respect the culture of the local people.

Ecotourism is a sub-component of the field of sustainable tourism. The ecotourism components as summarized below offer a reflection of where ecotourism can be placed within the process of developing more sustainable forms of tourism (Wood 2002):

- I. Contributes to the conservation of biodiversity.
- II. Sustains the well-being of local people.
- III. Includes an interpretation/learning experience.
- IV. Involves responsible action on the part of tourists and the tourism industry.
- V. Delivered primarily to small groups by small-scale businesses.
- VI. Requires lowest possible consumption of non-renewable resources.

- VII. Stresses local participation, ownership and business opportunities, particularly for rural people.

VIABILITY OF ECOTOURISM

Not only is this a socially responsible solution, but it is also a popular one. Green travel is here to stay. 24% of vacation spots reported green is at the highest it has ever been in 10 years; 51% reported that interest remains constant (Travel Guard Update, April 2013). TAs report high percentage interested in giving back! A reported 45% responded that volunteer activities commonly take place, and 25% are interested in activities that occur irregularly for a day or two (Travel Guard Update, April 2013).

In fact, Eco-tourism will have a larger positive impact on the poor than the cruise lines that frequent Nassau. According to *Caribbean Tourism and Development*, eco-tourism is considered to have a high impact on the poor especially in terms of job creation. This is in comparison to cruises which have a very low impact and do not often involve other communities (Zappino 8). Eleuthera is the perfect place for eco-tourism. Much of the island has sanctuaries still left largely untouched by humanity. It is simply a beautiful island which does not suffer from overcrowding. There are breathtaking secluded beaches, patch reefs in the clearest of Caribbean seas, and diverse species that call Eleuthera home. It is the perfect place for the scientist wanting to do field work or for the college student wanting to see more of the world. It is best suited for people interested in biology or learning. Also, it would attract adventure seekers such as sea kayakers, cliff divers, and scuba divers. The Bahamians could take ownership of their own dive and adventure shops. This way they could own their own business and work in a market that is not harming their island.

Eleuthera could host Ecotourism conferences. Instead of the scientists of CEI traveling to other places to talk about the biological problems of Eleuthera, they should bring their colleagues to Eleuthera. This would bring some of the people most interested in the Eco-tourism market to the island. They could go back and tell their friends what a beautiful island it was. Many more would then know about Eleuthera and want to visit. According to *The Flip Side of The Bahamas*, the quiet of Eleuthera is the appeal to celebrities such as Lenny

Kravitz and Patti LaBelle. It is a place where they can go to be in nature and go unnoticed by fans. This same appeal would draw many other nature enthusiasts if they knew such a place existed.

Marketing is an issue for Eleuthera. Most visitors go to Nassau, and many out islands are left ignored. Increasing awareness about Eleuthera is the biggest challenge to bringing a successful eco-tourism industry there. Marketing is necessary for the success of this industry. The creation of ads and campaigns would help interested parties come to Eleuthera. For those travelers that have already ventured to Eleuthera, it is a favorite among all of the islands. According to the Bahamian Ministry of Tourism, the beaches and the people of Eleuthera received the highest ratings of all the product experiences in Eleuthera. Roughly eight in ten (77%) stopovers thought that the beaches were much better or better than expected and three in four (75%) thought that the attitude of the people was much better or better than expected (Eleuthera 2013).

This industry will also increase the awareness of the both the invasive and endangered species on Eleuthera. During my visit, I learned about the issue of the invasive lionfish and how lionfish are significantly reducing populations of native fish. Visitors could try the lionfish or buy lionfish jewelry. It could be marketed as a luxury item and gain popularity in the states. If any one species is effective in reducing the population of another, many would agree that humans are the most successful. If humans become interested in eating lionfish, the population would decline in a short period of time.

Ecotourism will bring revenue to the island at a limited impact. The airport would need to be expanded so more planes could fly in and more could visit. There also needs to be a talented team of marketers and web developers to spread the awareness of ecotourism on the beautiful island of Eleuthera. Even on the Bahama Ecotourism website, Eleuthera is not featured at all. This needs to change. There needs to be a place for interested parties to stay on Eleuthera. An increase in infrastructure would be necessary, but it should be low-impact infrastructure that utilizes solar and water systems similar to that of CEI.

CONCLUSIONS

If these steps are followed, Eleuthera can see a positive trend in their economy. This industry will create jobs and bring many visitors, resulting in an increase in revenue and reduction in the unemployment rate. The mostly secluded nature of the island would be very appealing to some and would bring in many people who care about nature and would not affect the environment of Eleuthera. By taking these steps, Eleuthera may be able to have the growing economy it once did decades ago.

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