

Monopolies and anti competition laws hit Bahamas growth prospects

By Yolanda Deleveaux, Nassau, Bahamas

March 19, 2004

The Bahamian economy will not achieve its full potential unless government interference is ended through dismantling monopolies and the removal of laws restricting competition, a leading authority on business ethics said yesterday.

In an interview with The Tribune, Rev Robert Sirico, president of the US-based Acton Institute for the Study of Religion and Liberty, said opening up the Bahamian economy would generate further economic growth.

He added that the Government should look to encourage competition by whittling away at current legislation and removing any laws acting as an obstacle to development. Rev Sirico said it was not that there had to be competition, but at least be the potential for competition.

With free trade issues foremost in the minds of many, Rev Sirico said that based on productivity and competition margins, the Bahamian business community could effectively compete against larger companies coming into this economy. This was because smaller firms were often more agile and able to respond quicker to changes in the economic environment.

Comparing the Bahamas to the US, Rev Sirico said the real barrier to economic development has been the imposition of sanctions, tariffs and other measures to prevent goods and even overseas workers from coming into this nation.

He said that much of this legislation, enacted at the behest of trade unions, had created a system of sanctions that protected their own members but hampered economic growth and led to stagnant industries. Rev Sinco also called for the elimination of laws restricting the number of foreign workers coming into the Bahamas.

Rev Sirico said the real problem in the Bahamian economy was the protection given to the state monopolies, such as the Bahamas Telecommunications Company (BTC).

He criticised BTC for its high international tariff rates, saying they were in place primarily to target visitors to the Bahamas and local businesses. Monopoly status allowed BTC to artificially raise its rates, operate inefficiently without concern for repercussions and to act in an arrogant fashion when its inefficiencies were pointed out.

Guest speaker at the Rotary Club of West Nassau's luncheon meeting, Rev Sinico said ethical companies were those that not only abided by the law, but also held themselves to

a higher standard. They were headed by executives led by their internal ethics, and who hired persons who held them accountable to those standards.

The pursuit of ethical behaviour also created a more productive business and sustained revenue inflow, as customers and clients came to trust and have confidence in a company because of its consistent quality on service or the good provided.

Unethical behaviour was only successful in the short-term, as Enron and Parmalat had found.

In the case of Enron, Rev Sirico said that before the company came under fire from the government or the authorities, it had lost the confidence of the marketplace and shareholders had sought to divest themselves of their interest in the company.

As to the ethics of downsizing within an emerging economy, Rev Sirico said that in general, businesses downsized to protect profitability and did not take such a decision lightly.

The production of goods and services, and even prices, were not determined by business owners but were a response to signals coming from the marketplace and the consumer. Rev Sirico said that aside from market forces, government regulations, taxation and excessive demands on the part of unions could all be factors that contribute to a company's decision to downsize.