

M E M O R A N D U M

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NEGOTIATIONS WITH THE UNITED STATES GOVERNMENT RE AIR AND NAVAL BASES IN BERMUDA.

GENERAL

Bermuda consists of a group of islands approximately 650 miles from the American mainland, with a total area of 19 1/2 square miles. The present population is about 32,000, or more than 1,600 to the square mile. The islands were colonized by Britain in the early 17th century and have remained British since. Bermuda enjoys a large measure of self government and takes pride in the fact that the elected House of Assembly is the second oldest Parliament in the British Empire, being preceded in seniority only by Westminster. The franchise is not universal, but is based upon a property qualification. Unquestionably this restricted franchise has led to conservative government, as legislators are elected by those who, through possession of property, have a stake in the community.

The Government has always pursued policies which have tended to preserve the peace, charm and amenities of the Islands, not only for the purpose of attracting visitors from Canada and the United States, but because the preservation of such amenities is essential to the Bermuda way of life. It may be noted, as a case in point, that automobiles have been banned since a brief experience prior to the World War and it is certain that no responsible opinion would sponsor an attempt to reintroduce mechanical road transport. Large areas of the islands, in recent years, have been devoted to recreational purposes as the development of the tourist industry has required. Golf courses, especially at Riddell's Bay and in the Tucker's Town Development, have removed substantial acreage which formerly supported considerable numbers of people, and many large land holdings and estates, purchased by Canadians and Americans, have further contributed to population congestion in areas which remain available for habitation. It should be noted that the population, at the time of these developments, was 20,000, or less than two-thirds of the present population. The Government has not imposed central real estate taxation and Parish taxes are nominal. This policy has been deliberate, as it is felt that subdivision of large tracts of land would be detrimental and would impair the beauty of the islands. Although

the results have, in some respects, been advantageous, there can be no doubt that the existence of certain congested areas may be attributed partially to this policy, which has encouraged retention of land holdings. Congestion has also been accentuated by a substantial growth in population, which has increased 50% since 1921. Some of the adverse social effects usually found in overcrowded areas have already become apparent.

ECONOMIC

Prior to 1920 the economy of Bermuda was based upon the expenditures of the British Government on the Dockyard and the Army Post, a flourishing agricultural industry and relatively unimportant receipts from tourists. In the last twenty years the transition of these islands from a rural and agricultural community to a more urban type of life has been necessitated by the parallel decline of agriculture and the substantial growth of the tourist business. Agriculture in Bermuda has lapsed into unimportance since the passage of the Hawley-Smoot Tariff Bill, which practically closed the American markets to local produce. Some stimulation in farming, primarily for local consumption, has taken place since the outbreak of the war, but there can be no future for the industry unless the American market is again reopened. It may be stated that considerable difficulties were experienced in finding employment for labourers who were forced from their normal livelihood on the farms, and this problem could be met only because the tourist business entered a period of rapid expansion at about the same time. Much greater difficulties would be encountered if this latter business should be lost and large numbers of Bermudians again sought agricultural employment, as, not only is the American market closed, but in the last twenty years a generation has appeared which, through education and other employment opportunities, has grown away from the land. The development of the tourist traffic to the point where 85,000 Canadians and Americans visit here annually is a matter for justifiable pride, as this trade has been promoted largely by local enterprise. There is no doubt that Bermuda possessed many advantages which could be and were capitalized. The fact that the islands are British, with different customs, currency and habits of life, lends a peculiar appeal appreciated by Americans who seek a foreign country for vacations. The balance between the unusual and the accustomed is attractive as, while Bermuda

is quite definitely foreign, its people speak a common language and possess a sympathetic understanding of the American point of view created by close geographic proximity and historic relationship. Without any doubt the absence of noise and automobiles and the peaceful life of a small law-abiding community, together with the natural beauties of the countryside and of the waters around the islands contribute to bring so many people to Bermuda and to establish a repeat visit ratio unique in the tourist trade. In the last twenty years Bermudians have increased the business activities of these islands, very largely through reinvestment of profits. In almost all cases the amount of annual profits diverted to foreign investment has been inconsequential in comparison to the profits reinvested in business expansion. In addition, British interests, such as the Bermuda Railway Company and Furness-Withy & Company have invested tremendous sums in steamship services, hotels and other enterprises which depend on the tourist industry. The average value of this industry over several years has been some \$12,000,000 to \$16,000,000 per annum and this estimate does not include large capital expenditures for construction of houses, etc. The per capita expenditure of the individual tourist has been high, because owing to physical limitations Bermuda has been compelled to foster a trade among persons of better than average income and it is this type of business which must be retained. The investment in local industry, by Bermudians through borrowings or through reinvestment of profits, has created enterprises which, in the aggregate, represent values of many millions of pounds. All of these values can be sustained only through the maintenance of the tourist trade. One further factor has contributed to the stabilization of our economy and that has been the very large investments of Americans and Canadians who have purchased estates and built homes in Bermuda. The upkeep of these residences involves large expenditures by the owners and probably the funds so spent find wider circulation than any form of income which Bermuda enjoys. It would be a staggering loss to business and to the employment market if these resident visitors should be forced out of Bermuda as a result of the adoption of the American proposals. Practically all local wealth is based on real estate. This real estate has salable values so high as to appear fictitious to an observer unacquainted with local conditions.

The constant demand for land, however, caused by limited areas, and expanding population, and by the eager demand of Canadians and Americans for desirable building sites in these islands has contributed to a very considerable appreciation of all realty. This appreciation now supports many credits in the form of mortgages and bank loans which might be disastrously affected if land values should collapse. These values cannot collapse if the tourist trade is maintained at peace time levels.

SOCIAL

The inhabitants of these islands have lived quiet, orderly lives under an enlightened system of representative government for over 300 years. Contacts with the outside world, which have become widened with the development of the tourist business, have been sufficiently close to permit progress in thought and methods, without influencing too largely certain basic fundamentals which are peculiarly and essentially Bermudian. The white and coloured races have lived side by side in a small area without serious difficulties arising and the racial problem has certainly been met in a manner not surpassed anywhere else in the world. A high standard of living has been made possible, which has been shared in by all sections of the community. Wages for unskilled labour in Bermuda, of 10/- per diem, may be compared with scales of pay for similar labour in the West Indies of from 1/6 to 2/6 per day. High wages have in turn contributed to business prosperity and to security and protection from malnutrition, disease and other evils which arise in places where the living standard are low. Outdoor recreational facilities, although becoming less available with an increasing population, are still unparalleled elsewhere. Climatic conditions, fertility of the soil and sufficient foreign income from the tourist trade to purchase necessities from abroad have, together, made possible a pleasant and tolerant life for all Bermudians. The threat contained in the present proposals to the Bermuda way of living as we have known it is even more important than the probable material damage which would be sustained.

DETRIMENTAL INFLUENCES OF ANY LARGE UNITED STATES BASE.

The proposals made by the United State Board far exceed in magnitude

the original suggestions received by the Government of this Colony. It is proposed that out of an area of only 19 1/2 square miles, some 1 1/2 square miles of land be made available to the United States Government for the purposes of the proposed base. This represents an area of about 1/13th of the entire Colony and would, if agreed to, give rise to grave economic, social and political consequences. It will be recognized that Bermuda now has a population density of 1,600 to the square mile, which is greater than that of any other country in the world. The effect of this lease arrangement would be to condense further into a smaller area of land a large and growing population and this, virtually, in perpetuity. In the period 1920 to 1925, when the population was 20,000, the Bermuda Development Company was permitted, by an Act of the Legislature, to acquire large property holdings at Tucker's Town. Despite the fact that this area was very sparsely populated, the resettlement of the numbers of people affected constituted a serious problem, repercussions of which were felt for many year afterwards. It cannot be doubted that further limitation of available property for homes will have the most disastrous effects. As previously pointed out, land areas available have already greatly diminished through American and Canadian purchases of land, through the Bermuda Development Company's holdings at Tucker's Town and through the diversion of considerable areas for recreational purposes, principally golf. It may be stated that any further redistribution of population will cause increased congestion in areas now overcrowded and this in turn must add considerably to the cost of public health, water supply and other services which are incidental to built-up areas. Many of the persons who would be affected are now finding employment in the area which would be acquired and the problem of placing these persons in substituted employment would be difficult. It is understood that the United States Government may require to man the proposed base with a permanent personnel of perhaps 5,000 men, and as it must be assumed that families will accompany many of these, an increase in the total population of more than 6,000, or 20% of the present population appears inevitable. It is true that it is proposed to find quarters for the entire personnel in the area selected, but obviously the whole island will be affected, as the personnel employs leisure hours to seek recreation.

There can be no doubt that the sudden addition of several thousand males to our population must lead to most serious effects from a social point of view. Approximately one-quarter of total coloured births are now illegitimate and it is inevitable that this ratio will be increased by reason of the fact cited. It must be supposed that any area selected will contain recreational facilities, for swimming and the use of small boats and yachts, and these facilities are already limited. It is apparent that naval ships and tenders may lead to pollution of harbours, which in itself would still further restrict the use of these waters for recreation by the civilian population. Many jurisdictional problems must unquestionably be involved and these difficulties will be enhanced unless the site selected can be completely divorced from other sections of the island. This could be done more easily if the alternative site at the East End is chosen. It cannot be doubted that the establishment of a land air base of the magnitude visualized must destroy many of the attractions and amenities which have brought the Canadian and American visitor to Bermuda. We believe that a substantial portion, if not all, of our normal tourist trade can be lost through the noise, restriction of movement in large areas and the buildings of a type architecturally unsuited to Bermuda, which the proposals will entail. The resultant material decline in the tourist trade would be accompanied by a migration of many substantial American, Canadian and Bermudian residents who regard Bermuda as a pleasant place in which to reside, but whose affection for these islands could not be expected to survive the loss of the attractions which induced them to settle here in the first instance. Complete collapse of the economic structure of Bermuda would be involved through any substantial decrease or loss of the tourist industry. Real property would deteriorate seriously in value and among all classes heavy investments in property are held, both directly and by way of mortgage. Businesses, hotels and guest houses would suffer and this would be followed by unemployment. It would be questionable, under such conditions, whether the Government could secure sufficient tax revenues in the face of dwindling community income. From a knowledge of the tourist industry, based upon many years experience, and from a continuous and detailed examination of the particular aspects of the business

of this resort, responsible opinion here is convinced that the developments now contemplated threaten the complete loss of this industry and the subsequent economic destitution of Bermuda. One further comment should be made in regard to an immediate problem which would be presented. Persons in the affected area are, in many cases, tenants who would find it difficult to lease other premises elsewhere. While compensation will undoubtedly be paid to the owners of these properties, it is questionable whether the funds so received would be reinvested in real property for rental purposes. As a matter of fact it is quite certain, in the majority of cases, no such reinvestment would take place. The location of the area selected would affect the magnitude of this problem as the East End would involve far less of a population resettlement difficulty than would the area in Warwick and Southampton, which has been proposed. This Government may be faced with the necessity of undertaking a housing program in areas to be selected by Government. Anyone, familiar with local conditions, will recognize that such a project would not only be difficult and costly, but would lead to a demand by other sections of the population for similar housing facilities. Redistribution may involve great political problems, as our franchise is based on land. No one can say exactly what the effects might be over a long period of years, but that the proposals hold the gravest possibilities cannot be doubted.

Special objections to Warwick & Southampton site.

In addition to the many difficulties which will apply, regardless of the location of the proposed base, the site selected in Warwick and Southampton Parishes has certain peculiar objections of great importance. The mainland area is situated in the middle of the Colony and includes a wide corridor from coast to coast, dividing the Colony into two parts and cutting road and railroad communications. The area includes many valuable properties, a number of which are owned by Americans and Canadians, whose continued use of Bermuda residences is a matter of great importance to local business. Certain immediate questions will arise in connection with adequate access for the civilian population to and from the western parishes by road and railway. The islands in the Great Sound which have been selected for storage of explosives are extensively used for recreational purposes by visitors and by the local inhabitants. These waters

are popular with users of small boats and the famous annual yacht races, so much enjoyed, are held in the Great Sound. These islands are in close proximity to the only commercial channel into Hamilton Harbour and are only a mile and a half from the City of Hamilton. A serious explosion would be calamitous. The mainland area contains approximately 1,500 persons who would be dispossessed and whose resettlement elsewhere on the islands would present a problem of major difficulty. Many of these persons are tenants and, as stated previously, it is doubtful if the landlords who would receive compensation for property expropriated would attempt to reinvest in similar tenant properties elsewhere on the islands. A situation, therefore, would arise which would require, in all likelihood, a Government housing scheme on a large scale. The objections to this course are many - financial, economic, social and political. It is questionable whether areas could be found in the islands sufficiently large to absorb the affected population, particularly if due and proper consideration is given to the certain depreciation of land values in the proximity of the new settlements which would be required. It is impossible to exaggerate the difficulties involved in a rehousing plan of such proportions, but major displacements would be inevitable. The area in these two parishes contains many very valuable properties in which amounts of from a few thousand to many hundreds of thousands of dollars have been invested by Canadian, American and Bermudian property holders. The compensation which would, therefore, be involved would be enormous and every consideration should also be given to the damage which would be caused to other properties not actually required for the base. A base at the East End of the island, while still presenting difficulties of a similar nature, would not cause, to the same degree, the damage which the Warwick and Southampton site would entail. First of all it would be possible to divorce the base from the rest of the island in such a way as not to affect seriously principal population centres. The beautiful approaches to Hamilton Harbour, the islands in the Great Sound, the very attractive Riddell's Bay development all would be untouched if the East End site were selected. The number of persons who would be affected would be far less - perhaps one hundred and fifty - and consequently fewer political and social problems would be encountered. The Colony would not be severed by the base, as would be the case

with the site at the West End and far fewer and less important amenities would be disturbed. There can be no question but that property compensation would be much less in the East End area.

CONCLUSION.

Bermuda welcomes this indication that the American and British peoples are drawing closer together and believes it difficult to exaggerate the far-reaching importance of closer cooperation and understanding. In this hemisphere many social, economic and financial considerations have for years clearly indicated that accord, along and beyond the lines now reached, is not only desirable, but inevitable. Our people are intensely loyal to the Crown, have been happy and contented under British rule, and despite our admiration for the United States and its people, we dislike the prospect of any change in our present status. It is obvious that if the defence administration of Bermuda is to rest largely in American hands, for a period beyond the life span of any present Bermudian, succeeding generations will more and more come under American influence and our British ties may similarly become imperceptibly weakened. Forces are about to commence to influence our administrative life, which have so far been confined to social and business contacts and we trust that this process, which is obviously before us, may coincide only with the progress which will be made towards a union of English speaking peoples. We wish to play our part in the developments which will come and we think that the warm friendship and sympathy held by Bermudians for Americans can contribute to the end we all desire. We hesitate to appear to indicate that we do not welcome American cooperation in the defence of these islands. We do welcome this cooperation, we appreciate all of its broad implications and we intend to make such sacrifices as we may be called upon to make in a spirit of loyalty and devotion to the Crown. Nevertheless it is the duty of the Bermuda Government to protect its people from economic chaos and financial bankruptcy. The war will end but the lease continues practically in perpetuity and it is essential that succeeding generations of Bermudians be given a fair opportunity to achieve a reasonable and decent standard of living, which might prove impossible if the present proposals become operative.