



Office of the Governor

Grand Cayman

Cayman Islands

6 January 1989

The Rt Hon Sir Geoffrey Howe QC MP  
Secretary of State for Foreign and Commonwealth Affairs  
Foreign and Commonwealth Office  
LONDON  
SW1A 2AH

Sir,

THE CAYMAN ISLANDS: ANNUAL REVIEW FOR 1988

1. It was expected that 1988 would be dominated by the quadrennial General Election in November. However, in an unusually active year, the Election was only one of several significant events, including the death of James Bodden, who had dominated the Government with his American style politics from 1976 until 1984 when he was forced into opposition; the destruction by fire of the Royal Palms Hotel, an old Caymanian land-mark (no injuries); the escape of four maximum security prisoners; Hurricane Gilbert which devastated Jamaica but largely spared Cayman; and more pleasantly, the visit of HRH Princess Alexandra.

THE ECONOMY AND FINANCE

2. Cayman's prosperity and stability continue to be based on the tourist and offshore financial industries, with 1988 another successful year, despite Hurricane Gilbert. Registered banks increased steadily, with 46 of the world's 50 biggest now represented here; insurance companies flourish; and company registrations and activity are satisfactory. The legislative upgrading of the shipping registry has

largely been completed, the administrative back-up is being established and the process of weeding out undesirable vessels has begun. Development was sustained at a rapid pace, evident in good quality private houses, tourist facilities, and office buildings.

3. The first attempt to produce national income figures since 1972 shows that with income per capita of US\$18,200, Cayman is slightly behind Bermuda but ahead of Canada and the United States. There is little genuine poverty, and continuing community help for the feeble-minded, the elderly and disabled.

4. The tourist industry, set back by Hurricane Gilbert, has resiled. Overall visitor figures are expected to be up by some 5% for 1988 over 1987. One substantial hotel development is firmly under way, the Radisson 300-room hotel on Seven Mile Beach. The high quality Hyatt Regency Hotel is flourishing, and has just announced the second phase of its town house/condominium development.

5. Hurricane Gilbert severely damaged the agricultural sector, which is anyway a marginal industry. Otherwise, 90% of the damage caused by the hurricane was insured, including by Government privately carrying insurance on its properties and interests.

6. The out-turn for the 1988 budget will show a handsome surplus, revenue being flush from Customs duties, land transfer taxes and other fees. There is no need even to consider that bug-bear of Caymanians, the introduction of income tax. The draft 1989 budget (to be taken in the February meeting of the Legislative Assembly) shows that notwithstanding expanded departmental expenditures, projected revenue will comfortably cope.

/LEGISLATION

[REDACTED]

LEGISLATION

7. [REDACTED]

8. The Legislative Assembly was mainly occupied with tidying up legislation, but laws were passed to control street trading, and taxis, and to provide for compensation for land appropriated by the Government for road and other public developments. An important amending law provided for the restraint and confiscation of assets of drug traffickers.

LAW AND ORDER

9. The breakout from prison of four maximum security prisoners, three of whom were awaiting their appeals to the Privy Council on murder convictions, with the fourth awaiting trial for murder, caused great public anxiety. They were quickly recaptured, and the resulting Commission of Inquiry produced useful recommendations which are being implemented. The Prison population stood at 125 on 31 December compared with 108 a year before. Inter alia this reflects stiffer sentencing for drug offences.

10. The efficiency and morale of the Royal Cayman Islands Police Force was satisfactorily maintained. Although general crimes reported continue to increase, the high detection rate is being maintained. It is satisfying that the number of drugs cases known to the Police declined by 18% in 1988, due to firm Police action, stiff sentencing and community programmes led by CASA.

[REDACTED]

The campaign against drug abuse continued on all fronts: Police, Customs, Education and community involvement. Very significant was the growth of Cayman Against Substance Abuse (CASA), coordinating the feelings particularly of parents against the drug menace. CASA among other things made contact with PRIDE in Atlanta (a USA-wide organisation for the education of parents in the drug field) and courses were conducted by CASA with PRIDE's help in Cayman to train trainers to run workshops for parents. At year's end, the new Member for Health and Social Services announced the membership of the Advisory Council Against the Misuse of Drugs, and coordination should further improve.

GENERAL ELECTION

12. The 1988 General Elections to the Legislative Assembly did not produce as virulent or lengthy a campaign as expected. The previous administration was returned (with two new faces) with a majority of seven to five. All candidates campaigned on a basis of no constitutional change, and their platforms were otherwise pretty similar. [REDACTED]

[REDACTED]

[REDACTED] the 1976-84 Unity Administration lost its leader, and unsuccessfully tried to invoke his ghost in the 1988 campaign. [REDACTED]

[REDACTED]

[REDACTED]

13. I seized the opportunity given by the election to re-organise the four Elected Members' portfolios in the Executive Council, emphasising health and social services on the one hand and education (and the cultural heritage) on the other. Further, I introduced the concept of a 'National Development Plan' to be drafted on the basis of the rolling Five Year Economic Development Plan. This is a still sensitive subject, though less so than in the seventies, when the idea of planning the physical development of Cayman invited if not actually stones, at least oral missiles.

14. On Christmas Day, an Executive Council member [REDACTED] fire his pistol in a public place, in the close vicinity of [REDACTED]

[REDACTED] Apart from the legal consequences, if (as in any normal society, he would) he resigns from Executive Council, an election for his vacancy must take place in the Legislative Assembly. In a 7-5 situation, the balance of power could shift. This may have political and constitutional consequences at present quite unforeseeable.

#### WHAT NEXT

15. Which leads naturally to the question: "what next?" The underlying considerations remain the same: the intensity of human relationships in an isolated community, which has recently attained prosperity but is still liable to schism in economic, religious and colour terms, presenting many potential flash points. Yet perhaps the process of maturation has now achieved more than a mere veneer. Caymanians rightly believe that compared with the rest of the Caribbean, there is something different about them, based on their history and on their economic achievements. They are however smug in their reluctance to accept that their prosperity depends on factors they cannot control (global economic conditions, hurrricanes, and AIDS for example); that rapid development necessitates imported labour and the potential /out-numbering

[REDACTED]

out-numbering of Caymanians in their own land; and that the old mechanisms for maintaining social balance may not now be sufficient - in other words, a closer recognition of disruptive factors, and developing ways to deal with them, are required. I am not alone in being optimistic. Caymanians have historically seized their chances as they were presented; their level of education and self-awareness is improving; their energies and resources are only marginally drained by politics; they do not want casinos and there is no organised crime; it is a pleasant environment and way of life. If only they could hearken more often to Woodrow Wilson's dictum "The world is so big and I am so small. I do not like it at all, at all."

16. I foresee steady, if not rapid, development continuing in the tourist and offshore finance sectors, with all the strains that this brings on the private sector, the civil service and the social fabric. The new administration has experience and youth in equal measure, and at least two great projects, perhaps three, can be well advanced in its four years in office - a new hospital, a road development programme, and the community college. Much useful information will derive from the decennial census to be taken in 1989. There will be difficult moments when convicted murderers' appeals have been heard by the Privy Council and (in all probability) appeals for clemency will have to be decided by the Governor. There will be occasional outbreaks from the small number of anti-colonial, racist mutterers, who appear to command little interest or support.

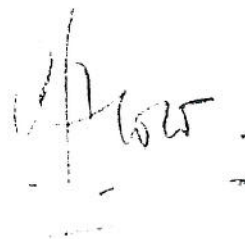
17. To close on a happy note: the four day visit of HRH Princess Alexandra was an undoubted success. Her charm and ease of manner won her the hearts of the people, notwithstanding that the visit fell between Hurricane Gilbert, the national festival of Pirates' Week, and the General Election. In particular, the people of Cayman Brac were overjoyed that HRH was the first member of the Royal Family

/to

to visit them, in our 385 years as a British territory.

18. I am sending copies of this Despatch to the High Commissioners in Port of Spain, Kingston, Bridgetown and Nassau; Her Majesty's Ambassadors in Washington and Havana; the United Kingdom Mission to the United Nations in New York; the Head of the Development Division in Barbados; and, on a Personal basis, the Governors of Bermuda, Montserrat, the British Virgin Islands, the Turks and Caicos Islands and Anguilla.

I have the honour to be  
Sir  
Your Most Obedient Humble  
Servant



A J Scott  
Governor

CAYMAN ISLANDS

ANNUAL CALENDAR OF EVENTS

1988

JANUARY

Cayman Islands London Office closed due to fire in the building  
Civil Service salaries increased by 8.8-12.8% (ie making  
13.8-17.8% since January 1984)

Opening of Casualty/Out Patients Dept at George Town Hospital  
Visit of Bishop B N Y Vaughan of Swansea and Bishop Keith  
McMillan of Belize to review Church of England "split".

FEBRUARY

Visit of German Ambassador to [REDACTED]  
Visit of Canadian High Commissioner to Jamaica, [REDACTED]  
[REDACTED]  
Visit of Indian High Commissioner to Jamaica, [REDACTED]  
Visit of World Business Council Conference to Cayman  
First 1988 Meeting of the Legislative Assembly: Throne Speech  
Agricultural Show  
Opening of Cable and Wireless IDD facility on Cayman Brac

MARCH

Revision of electoral rolls and preparations for 1988 elections  
begin  
Visit of [REDACTED] UNDP Cultural Adviser  
Visit of [REDACTED], EC delegate in Jamaica  
Visit of British High Commissioner in Jamaica, [REDACTED]

APRIL

Easter Regatta  
Opening of pipeline from fuel terminal to Caribbean Utilities  
Company  
Visit of Defence Attache, Kingston, [REDACTED]  
Second Meeting of the Legislative Assembly  
Flower Show  
Graduation (B.Sc) of 32 Cayman teachers after external courses  
with University of Miami

/MAY



## MAY

Visit of Mr [REDACTED], SLO, Washington  
Visit of Naval Adviser, Caribbean, Cap [REDACTED]  
Royal Palms Hotel burnt down  
Death of Mr James (Jim) Bodden MLA, prominent politician  
Breakout of 4 maximum security prisoners from Northward Prison  
(recaptured in 8 days)

## JUNE

Million Dollar Month Fishing Tournament  
Visit of HMS Ambuscade  
Queen's Birthday Parade and presentation of Honours  
Cayman Airways Aviation Safety Education Seminar held in  
Cayman including visit of two RAF Harriers from Belize  
Visit of Mr [REDACTED] (Protocol Dept) and Group Capt  
[REDACTED]  
Judge Stephen Tumim, HM Inspector of Prisons, and Mr Mullins  
conduct Commission of Inquiry into prison breakout  
Visit of Belgian Ambassador to Jamaica, [REDACTED]  
The Governor and Mrs Scott absent on leave and duty 24 June  
- 31 July. Financial Secretary Acting Governor.

## JULY

Visit of HNMS Van Kinsbergen  
Visit of Assistant Legal Adviser, [REDACTED]

## AUGUST

Visit of US Ambassador to Jamaica, [REDACTED]  
Caribbean Netball Championships held in Cayman  
Visit of USS Pegasus

## SEPTEMBER

Cayman team to Olympics (8 competitors, 7 officials)  
Hurricane Gilbert passed over Cayman  
HMS Active diverted to Cayman to assist in aftermath of hurricane  
Third Meeting of the Legislative Assembly  
First Caribbean Drugs Awareness Course for Law Enforcement  
Officers held in Cayman  
Visit of [REDACTED] (Director of PRIDE, Atlanta) to train  
trainers for anti-drug parent workshops

/OCTOBER

OCTOBER

Cayman Islands UK Government Representative, [REDACTED],  
visits Cayman  
CI Law School Graduation ceremony  
Pirates' Week  
Harvard Owner-Presidents alumni group visits Cayman  
Visit of HMS Newcastle

NOVEMBER

31 Oct - 4 Nov Visit of HRH Princess Alexandra, including  
first Royal Visit to Cayman Brac. Special stamp issue and  
commemorative gold and silver coins  
Remembrance Day  
General Election held; return to power of 1984 Government with 7 out of  
12 seats  
Meeting of the Legislative Assembly to elect new Executive Council  
Visit of [REDACTED], SLO, Washington  
Visit of HMS Beagle and HMS Fawn  
National Income statistics issued

DECEMBER

Visit of First Secretary, Canadian High Commission, Kingston  
Second Drugs Awareness Course held in Cayman (see September)  
Visit of USS Luce  
Arrival of Customs pursuit boat (seizure, donated by US Customs)  
Mrs Nettie Levy receives Royal telegram on her 100th birthday