

Abstract

The role trade liberalisation and economic integration play in the development of a country is often questionable. Some suggest a direct linkage between the two variables, saying that liberalisation leads to an improvement in all countries involved. On the other hand, others state that there is conflicting empirical evidence to date concerning a relationship between trade and development. They go on to say that such liberalisation can often have many negative effects, especially for small developing countries. It was not the intention of this paper to say that one faction is right and the other is wrong, but instead to look at the potential effects that trade liberalisation could have on a country's development. The focus was on the small and rapidly developing country of the Bahamas. The impacts that trade liberalisation efforts, such as the proposed Free Trade Areas of the Americas (FTAA), could have on this country's economical, social, and political policies were studied. In exploring this topic, the main research methodology employed was that of historical – comparative research. The process involved an analysis of historical data, assembling and interpreting it in different ways with the intention of predicting possible future scenarios. An analysis of the Bahamian country showed that it was one of stable economic growth, political operation and strong social values. The ways in which the FTAA agreement could effect a country such as this are numerous, with both positive and negative effects. However, overall it could be concluded that trade liberalisation and the FTAA will result in the Bahamas moving to a higher level of development in the three areas studied. As we enter this new millennium and an era of increase globalisation, such free trade will serve to integrate the Bahamas into its surrounding environment, as opposed to ruining the country.