

BUSINESS

U.S. megastores changing Caribbean business scope

By Bert Wilkinson

GEORGETOWN, Guyana (IPS)—Until recently, Caribbean-owned conglomerates and British retail giants like Courts PLC dominated the commercial landscape in the Caribbean.

But now their profits and very existence are threatened by U.S. megastores, which appear to have discovered the Caribbean as their latest lucrative market.

Armed with briefcases of dollars and bags full of gimmicks to attract customers, megastores like K-Mart and Price Smart are opening retail outlets and huge warehouses all over the region as well as in Central America.

In many cases, their presence has triggered bitter resentment from homegrown, family-owned stores. Labor unionists accuse them of killing off entities that have offered permanent jobs to nationals for many decades.

To deal with the resentment from local businesses, the Barbados Government has set up a non-partisan committee to conduct public hearings to determine whether or not K-

Mart should be allowed to open a megastore on this 166-square-mile tourist island of 265,000 people.

Up to late October, the second-term Owen Arthur administration

had not yet cast its vote, but judging from how Barbadian consumers reacted to the late August opening of Price Smart's first members outlet there, it appears that a favorable decision is just weeks away.

Price Smart Inc, the San Diego, California-based retail buying club, registered an astonishing 27,400 club members even before opened its doors at its 18,000 square-foot facility in the Barbados capital, Bridgetown.

Each member paid about \$30 to join the buying club to benefit from discounts.

K-Mart, on the other hand, has not had such an easy introduction to Barbados. Prominent citizens like attorney John Connell have used words like "Godzilla and dinosaur" to describe K-Mart, saying its annual turnover of \$37 billion was 148 times the size of all the major stores on the island combined.

But the Price Smart opening has had an interesting effect on what previously was business as usual, by spinning the local retail sector into frenzy.

The price of television sets and washing machines, for example, has already decreased by \$100 per unit among a string of other markdowns by store managers. More reductions are expected in time.

Da Costa-Mannings, an influential Barbadian firm for decades, was so undone by Price Smart's appearance it now allows big-ticket item purchasers to pay down a single dollar, take whatever items they want and not pay any installment for 10 months. No interest is tacked on to the tab during this period.

"Therefore, you could well imagine what would happen when K-Mart comes," said

Karen Duncan, a Barbadian housewife vacationing in her native Guyana recently. "The consumers can only win and I can't wait."

Meanwhile, Price Smart has already raked in millions from its \$10 million outlet opened in neighboring Trinidad and Tobago a year ago.

A second and even larger warehouse is scheduled to open in November. The Trinidad outlet was the first in the English-speaking Caribbean.

"We have changed the retail sector forever," said Joe Esau, a Price Smart board member in Trinidad. "A year after, we are still surpassing our planned budget," said Jennifer Carr, marketing manager.

In all, Price Smart has 21 stores in the Caribbean-Central America area including destinations like The Dominican Republic, Panama, El Salvador and Costa Rica and Aruba. Six more are on the drawing board as bargain-hungry consumers continue to flock to Price Smart stores.

But of all the countries in this hemisphere, Puerto Rico might well have the distinction of playing host to the largest concentration of

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U.S. superstores, including K-Mart, Wal-Mart, Macys, Home Depot, Sam's, Sears and J.C. Penney among others. Wal-Mart has nine stores on the island.

A study done two years ago showed that the Caribbean island, barely measuring 100 miles from east to west, had about 25 million square feet of shopping malls, excluding hallways and parking lots, according to Estudios Tecnicos, a Puerto Rican consulting firm studying the growing trend.

The study said several small and medium-sized indigenous stores have been forced to close over the year and many have lost their jobs.

Ronald Toppin, Barbados's Business Development Minister, said big stores will come regardless of how Caribbean indigenous businesses feel because globalization and liberalization are here to stay.

"We are obliged, among other things, to dismantle all protective barriers for trade from which local manufacturers and producers benefited for many years," he said at the Price Smart opening ceremony.

Analysts suggest Toppin has more than given a hint to businesses in Barbados that they must be prepared for the coming of K-Mart.

The company, through high profile attorneys and advertising firms it has hired, has already said it plans to invest \$35 million in building 180,000 square-feet of floor space, a bowling alley and modern multiplex cinema among other facilities to go with its superstore.

In return for a thumbs-up, it has even promised to promote Barbados as a stable investment destination saying that "K-Mart will trumpet the cause for additional (prestige) investment by providing a tangible show of confidence in the Barbados economy."

Court hears bias case, again

DENVER (AP) - A white contractor who lost a highway guardrail job to a Hispanic-owned company 12 years ago is making his third trip to the U.S. Supreme Court in a battle to roll back minority preferences in the awarding of government contracts.

Randy Pech, owner of Adarand Constructors Inc. in Colorado Springs, won a major victory in 1995 when the high court ruled that the federal government must follow strict rules justifying special treatment for minorities when it awards construction contracts.

Congress then established a new program that eliminated quotas and bonuses to contractors who hire minority subcontractors. It requires minority contractors to sign notarized statements swearing they have been discriminated against in the past and bars people with a net worth of \$750,000 or higher from participating.

Pech's attorneys will argue before the court on Wednesday that the government has yet to prove that special treatment for minority contractors is needed.

If the court rules the program unconstitutional, it could call into question other federal affirmative action programs, said Mark Rahdert, associate dean of Temple University's law school. It also could provide insight into the court's thinking on affirmative action cases involving college admissions, he said.

Marisa Demayo, regional counsel for the Mexican-American Legal Defense and Educational Fund, said the construction-contract program has already been scaled back enough. "Without the program, women- and minority-owned businesses really will lose the little chance they have now," she said.

In the Colorado case, government attorneys will argue that whether a person has been subjected to prejudice, not simply the contractor's minority status, is the deter-

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mining factor in deciding who gets help.

Some legal scholars predict the court will rule very narrowly or dispose of the case without a ruling.

Pech sued the government in 1990 after his company's low bid to erect a five-mile guardrail Colorado was rejected. The Transportation Department's program at the time gave bonuses to contractors if at least 10 percent of their subcontracts went to disadvantaged enterprises. At the time, all four of Adarand's competitors benefited from the program.

Pech "doesn't like to have his bid rejected because of his race. He thinks that's offensive and so do all of his employees," Pech attorney William Perry Pendley said Tuesday.

Under the 1995 ruling, the federal government must have proof of discrimination and be able show how affirmative action helps fix it.

Another Pech lawyer, Stephen Gilmartin, said he hopes the court will rule that racial preferences are never justified. But he said a more realistic ruling would be one that would limit the highway program to states or regions where discrimination is a proven problem, he said.

Gilmartin said he does not believe the highway program as it exists is really helping the disadvantaged.

"It's not the people in the ghettos, it's not the rural poor. It's the people who are already wealthy and getting wealthier, typically white women," he said.

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