

THE House of Assembly Debates

(OFFICIAL REPORT)

SECOND SESSION 1971 - 76

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(OFFICIAL REPORT) FIRST SESSION OF 1971-76 HOUSE OF ASSEMBLY

Tuesday, 9th April, 1974

Pursuant to the adjournment, the House of Assembly met at 6.00p.m. o'clock.

PRESENT

His Honour N. G. A. (MAXWELL, LL.B., (Speaker); Hon. C. E. TALMA, C. B. E., (Deputy Prime Minister and Leader of the House); Hon. G. G. FERGUSON, (Minister of Home Affairs); Mr. R. St. C. WEEKES, J.P.; Mr. W. R. LOWE, J.P., (Chairman of Committees); His Honour C. A. E. HOPPIN, (Deputy Speaker); Mr. C. L. BOLDEN, LL.B.; Mrs. G. L. EASTMOND; Hon. P. M. GREAVES, B.A., (Minister of Housing, Lands, Labour and National Insurance); Dr. the Hon. R. B. CADDLE, (Minister of Health and Welfare); Hon. A. MORRISON, (Minister of Agriculture, Science and Technology); Hon. L. E. SANDIFORD, B.A., M.A. (Econ.), (Minister of Education, Youth Affairs, Community Development and Sport).

Prayers were read.

CONFIRMATION OF MINUTES

Mr. SPEAKER:

The Minutes of this Chamber for the 18th March, 1974, and 26th March, 1974, are before you for confirmation, and unless there are any alterations or corrections, they will be confirmed.

There being no corrections or alterations, the Minutes of the 18th March, 1974, and 26th March, 1974, are hereby duly confirmed.

DOCUMENTS LAID

Hon. C. E. TALMA:

Mr. Speaker, on behalf of the Hon. Minister of Finance and Planning, I am commanded to lay the following-

(1) The Report and Financial Statement of Accounts of the Central Bank of Barbados for the year ended 31st December, 1973.

(2) The Report on the Audit of Accounts of the Auditor General's Department for the year ended 31st March, 1973.

(3) The Fourth Annual Report of the Barbados Development Bank for the year ended 31st March, 1973.

Mr. E. D. MOTTLEY entered the Chamber and took his seat.

GOVERNMENT NOTICES

Hon. C. E. TALMA:

Mr. Speaker, on behalf of the Hon. Minister of Finance and Planning, I beg to give notice of the followings-

The Resolution to approve the raising of a loan of \$1, 000, 000 by the Natural Gas Corporation by the issue of debenture stock to the extent of \$600, 000 and by a direct loan, overdraft or otherwise in respect of the remaining \$400, 000.

Mr. L. S. CRAIG entered the Chamber and took his seat.

GOVERNMENT BUSINESS

Hon. C. E. TALMA:

Mr. Speaker, I beg to move that Government business be now taken.

Hon. G. G. FERGUSON:

I beg to second that.

The Question was put and resolved in the affirmative without division.

SUSPENSION OF STANDING ORDERS Hon. C. E. TALMA:

Mr. Speaker, I beg to move that Standing Orders Nos. 6, 16, 18, 20, 42, 43, and 44 be suspended for the remainder of the day's Sitting.

Hon. G. G. FERGUSON:

I beg to second that.

The Question was put and resolved in the affirmative without division.

Hon. C. E. TALMA:

Mr. Speaker, I am seeking leave to deal with the Second Reading of the Bill to amend the Land Development Duty Act, 1962, which stands in the name of the Prime Minister and Minister of Finance and Planning.

Mr. SPEAKER:

if there is no objection, leave will be granted.

There being no objection, leave is granted.

THE LAND DEVELOPMENT DUTY (AMENDMENT) ACT, 1974

Hon. C. E. TALMA:

Mr. Speaker, as the Objects and Reasons set out, this Bill would amend the Land Development Duty Act, 1962, (Act 1962-34) in order to provide for the deduction of certain legal expenses in ascertaining the capital gain on the sale of land in a special development area.

The position is simply that the Act was passed and then there were Regulations which were inconsistent and ultra vires to the Act; so whereas the Act laid down certain specific items which should be deducted and which I will give in detail, the Regulations for which no provision was made in the Act were inconsistent and were implemented in accordance with the Regulations whereby certain legal expenses and commissions paid to real estate agents were included and deducted in order to assess and compute capital gain as such. This was drawn to the attention of the Government by the Commissioner of Inland Revenue who has to administer the Act. That is the gist of the entire matter. In other words, the Regulations are ultra vires to the Act and the object of this Bill is to regularise the entire matter and bring it under the Act.

As hon. Members will remember, section 6(1) of the Land Development Duty Act, 1962, provides as follows:-

"For the purpose of this Part of this Act, the Capital gain made by any person on sale of the fee simple of land in a special development area shall be deemed to be the amount (if any) by which the value of the consideration for the transfer of the Land exceeds the sum of -

- (a) the improved value of the land at the specified base date; and
- (b) any expenditure of a capital nature on the land by the transferor or his predecessors in title subsequent to the specified base date; and
- (c) an amount equivalent to eight per centum of the expenditure referred to in paragraph (b); and
- (d) an amount equivalent to five per centum of the value of the consideration."

Regulation 4 provides that on the transfer of the sale of the fee simple of any land in a special development area that within three months such transferor should make and deliver to the Commissioner of Inland Revenue on Form A of these Regulations a return on any capital gain arising from the transfer. Now this Form A, in addition to the items specified in paragraphs (a) (b) (c) and (d) of section 6(1) of the Act provides for the deduction of legal expenses etc. in ascertaining capital gain.

As I explained at the very outset, the Regulations are ultra vires and that was discovered by the Commissioner of Inland Revenue and drawn to the attention of the Government, under which there is no power in the Act for the Regulations to function in that way to make the deductions for legal expenses, and commissions paid to real estate agents. 6.10p.m.

Therefore, Sir, I would like to spell out what legal expenses mean' and what is intended under this Act. Legal expenses which are incurred in the course of the development of the land and would be included in the development expenditure which is deductible under (b) of form A, for example, the legal cost involved in the raising of capital funds for development purposes in the entering of contracts to carry out development works, and legal expenses which are incurred in connection with the sale of land, for example, conveyancing fees and stamp duty.

Legal expenses in the nature of that above should be allowed as deduction in determining capital gains. The objects of this amendment to the Land Development Duty Act is merely to bring in line a practice which has been inconsistent, wrong and was never intended apparently at the very outset but which was being implemented all along. What has been going on in the past for which there was no legal authority under the Act, will now be regularised.

I beg to move that the Bill be now read a second time.

Hon. G. G. FERGUSON:

I beg to second that.

The Question was put and resolved in the affirmative without division.

On the motion of Hon. C. E. TALMA, seconded by Hon. G. G. FERGUSON, Mr. SPEAKER left the Chair and the House went into Committee on the Bill Mr. LOWE took the Chair. The Clause of the Bill were called and passed.

On the motion of Hon. G. E. TALMA, seconded by Hon. G. G. FERGUSON, Mr. CHAIRMAN reported the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. C. E. TALMA, seconded by Hon. G. G. FERGUSON, the Bill was read a third time and passed. Its title was agreed to.

THE LAHDTAX (AMENDMENT) BILL, 1974

Hon. C. E. TALMA:

The next matter which we propose to deal with and which has been duly gazetted and circulated by the Clerk of Parliament is the Bill to amend the Land Tax of 1973. It stands in the name of the Prime Minister and Minister of Finance, and I am asking for leave to deal with it.

Mr. SPEAKER:

If there is no objection, leave will be granted. Hearing no objection, leave is granted.

Hon. C. E. TALMA:

Mr. Speaker, this is a very simple Bill. It would amend the Land Tax Act, 1973 (Act 1973-1) to provide for the recovery of any penalty and interest chargeable thereunder. It was decided that this should be done, and if lion. Members would refer to section 28(3) it states inter alia that a person who fails to pay tax before the expiration of the year in respect of which it is levied or if the date of the Tax Demand Notice is later than 30th January in that year before the expiration of 60 days from the date of the notice shall-

(a) in addition to the tax paid to the Collector a penalty equal to 5% of the amount which was not paid, and

(b) in addition to the tax and the penalty imposed by paragraph (a) paid to the Collector an amount of interest at the rate of 1% per month calculated for each month during which any amount of tax and penalty remained unpaid of the largest amount of the tax and penalty that was due and unpaid at any time in that month.

The position, Sir, is quite straightforward. There is provision for charging if you pay late. The Act is being amended in order that the penalty and the interest would be recovered. Such tax referred to may be recovered from the owner of the land in respect of which it is due in civil proceedings brought by or on behalf of the collector before a Magistrate for the District in which the land is situate. 6.20 p.m.

This section does not, however, make provision for the collection of interest. It will be a means of being in a position to make provision by legislation to collect both the penalty and the interest under the Act.

I move, Sir, that the Bill be now read a second time.

Hon. G. G. FERGUSON:

I beg to second that.

The Question that the Bill be now read a second time, was put and resolved in the affirmative without division.

On the motion of Hon. C. E. TALMA, seconded by Hon. G. G. FERGUSON, Mr. SPEAKER left the Chair and the House went into Committee on the Bill Mr. LOWE took the Chair.

Clauses 1 and 2 of the Bill were called and passed.

On the motion of Hon. C. E. TALMA, seconded by Hon. G. G. FERGUSON, Air. Chairman reported the posing of one Bill in Committee. Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. C. E. TALMA, seconded by Hon. G. G. FERGUSON, the Bill was read a third time and passed. The title was agreed to.

SUSPENSION OF SITTING

Hon. C. E. TALMA:

Mr. Speaker, we have got to the end of Government Business as far as today's Sitting is concerned. If there are no-matters which the Opposition want to carry on with before the balance of the time expires, we can suspend the Sitting for a few minutes and wait until the Leader of the Opposition comes in when we will probably have some fireworks.

I beg to move that the Sitting be now suspended until 5 minutes to 7.00 o'clock, p.m.

Hon. G. G. FERGUSON:

I beg to second that.

The Question was put and resolved in the affirmative without division. Mr. SPEAKER suspended the Sitting accordingly. On Resumption: at 6.55 p.m.

Mr. Speaker took the Chair.

Hon C. E. TALMA:

Mr. Speaker, I am asking leave that a Resolution of which I gave notice today be dealt with in all its stages at the end of the Reply to the Financial Statement and Budgetary Proposals. As I have mentioned, copies are available.

Mr. SPEAKER:

There being no objection,

leave is granted.

REPLY TO THE FINANCIAL STATEMENT AND BUDGETARY PROPOSALS, 1974-75

Mr. ADAMS:

Mr. Speaker, I give notice of the following Resolution-

BE IT RESOLVED that this House takes note of the Minister of Finance's Financial Statement and Budgetary Proposals for 1974-75 and regrets that the proposals include little or nothing to give positive incentives to sugar production, the Fishing Industry, to encourage Agricultural Diversification or to reduce the inordinately high cost of food and other household items.

Mr. Speaker, Sir,

For thirteen years the Prime Minister, as Minister of Finance, has been presenting Budgets to Parliament and to the people of Barbados and I have followed the last twelve of them closely. Never before in my experience, with the exception of what he himself has been pleased to acknowledge as the Election Budget of 1971, have I observed so much public relief at the measures introduced on Budget Day as I have seen in the last few days. But I will try to show, Mr. Speaker, that this relief is misplaced, is based on a misunderstanding deliberately created and fostered, on the state of the economy and of the problems facing Barbados, and that the true weaknesses of the Budget are not to be looked for only in what it contains but in what it does not contain.

It is also worthwhile noting, in any assessment of this Budget that like all Budgets since the General Election of 1971 it has increased taxation. And the amount of the increase - \$11 million - is more than twice the amount of the last tax concession which was given to the public in the same election Budget I mentioned a moment ago. Before we get too relieved, in other words, let us all remember that it is we taxpayers who will be paying that eleven million.

First in our assessment are some preliminary matters. This is the earliest date of the year on which the present government has introduced a Budget, but it is not an unusually early time for Budgets in countries that close their financial year on March 31st. The fact that it is early is sought as an excuse for the non-appearance of an Economic Survey, but in other years the Budget has come in May or June and there has still been no Survey, so this is a circumstance with which we are well familiar. This year, however, there was an especial need for a Survey since it was common ground that all was not well with the economy for at least the third year running. It is unfortunate, to put it no stronger than that, that we should be without the printed document since it can make it hard - and clearly has made it harder for some - to judge the truth of the Prime Minister's statement on Budget Day that 1973 was a year of "real growth and productivity increases."

The whole question of the state of the economy is also bound up in a campaign in recent weeks to attack the Opposition for doing its duty and pointing out that Barbados has in effect been standing still since 1971 and that all the apparent increases in economic activity and the people's well-being have been swallowed up in a tremendously inflated cost-of-living increase. I want to say here and now, Mr. Speaker, that no amount of intimidation will stop the Leader of the Opposition or Members of Parliament who sit on my side of the House from attacking the Government for economic mismanagement or from saying what is wrong if something is wrong. We are put here by the people not to act as paid or unpaid assistants to those who hold the reins of Government and who would annihilate us, even as an Opposition, if they could; but to keep an oversight of what goes wrong with the Administration, what goes wrong with the economy, what is being done in a wrong way, or being left undone altogether. We have been sent on search or destroy mission, to search for waste, corruption, inefficiency and mismanagement and destroy those cancers, when we find them eating away at the body politic, by exposure and by example. To those who asked, when Barbadians were being battered by daily price increases and by a cost-of-living that was going right off the charts, "what is the Opposition doing?" 7.05 p.m.

I give this answer. The Opposition when in Opposition can do nothing about the cost of living except offer constructive criticism, and these criticisms have been ignored; the Government with 18 seats in the

House of Assembly, and particularly the Minister of Trade, are in full control and your questions must be directed there. Ask Senator Taitt and the Prime Minister what they are doing, ask not that question of us. Similarly, the Opposition cannot and we will not be blamed for anything relating to the economic situation. The warnings we have given have fallen on deaf ears. To take the last part of the Budget Speech first, the Prime Minister referred then to a "few misinformed persons and some people of ill will" who spread 'rumours' about the economy. Let me assure you and the House, Mr. Speaker, that he cannot mean the Opposition. In dealing with this I will also touch on something reportedly thrown down as a challenge to me by the General Secretary of the Barbados Workers' Union, the hon. Member for St. Michael West. The hon. Member may be thought by some to be beneath or perhaps beyond reply; after all, he did not even gain an honourable mention among the prospects for the Democratic Labour Party Leadership succession stakes in a recent weekly newspaper article. Nevertheless in my view he is a person of importance in Barbados and he ascribed to the Leader of the Opposition a statement that "capital is leaving the country" and developed an argument, in a paid newspaper advertisement, that without "a background of facts and figures to show when the capital left the Island or how much, such statement can be harmful to the country." This, and the Prime Minister's oblique remark last Friday, are no more than unwarranted and ill-considered attacks upon the Opposition. As far as I know, the first person to go on record speaking of a flight of capital - the figure mentioned was \$50 million - was the just-retired President of the Barbados Manufacturers' Association, who is a fully-paid up member of the Democratic Labour Party, and who was president of one of the Party's Branches; - for your own constituency, Mr. Speaker, at the last Election. If his statements have led to panic stations, the governing party has only itself to blame for any gaps in his political education.

Opposition criticism, rather than Government mismanagement has also come in for comment from one of Barbados' resident but not native economist who, since the Budget, has been reported as also laying heavily into those who say that the economy is shaky and inflation presents a danger. Who would think that Dr Persaud of last Saturday or Sunday's Advocate-News is the same Dr Persaud who wrote in the same newspaper as recently as December 10th last year that what he called "the prevailing view" that Barbados' inflation was due to external factors was not an accurate one, and who published these ominous words about inflation, in heavy type.

"There can be no doubt that if the Barbados rate were to continue for another year or two above 15 per cent, the devaluation of the new Barbados currency would become a necessity."

This, so far as I know, was the first public reference to the possible devaluation of the Barbados dollar and you, Mr. Speaker, can judge who was the alarmist and panic-monger as between the maker of such a statement and an Opposition Party which called on the Government to state firmly that no devaluation was intended.

The worthy doctor's theme, however far he may have retreated from it, leads me, Mr. Speaker, into the first major consideration that faces us here this evening, the state of the economy and the nature of the problems which we have to face, and how far the Budget has gone (if any distance at all) towards dealing with it.

Barbados is a country with a declining agricultural base, a new industry in Tourism which has overtaken sugar as the number one contributor to the economy, and a manufacturing and industrial base which has shown a certain unsteadiness of growth and activity that clearly reveals how far away from

take-off point the industrial sector of the economy yet remains. Barbados has no extractive industries to correspond with those of its senior colleagues in the Caribbean Community with whom it shares the status of More Developed Country. We aim nonetheless at standards of living similar to those! developed in the consumer economies of North America and Western Europe, and our development is geared to and measured by these aspirations.

To attaining these ends the importance of Agriculture, both sugar and non-sugar and including the fishing industry, has been urged again and again by the Barbados Labour Party and ignored by the governing party. It will be my principal theme this evening that the Budget has still not recognised the vital importance of agriculture and those who work in it to the economy. The fragility of tourism and the fact that the industry is growing but at so reduced a rate as to be falling behind in its contribution to the economy is also, in my view, not adequately recognised by the Budget. The challenge of manufacturing industry has hardly been touched on, for the industries to be given protection from overseas import under the provision of the Budget will yet, under the Chaguaramas Treaty, meet with the full blast of competition from CARICOM sources.

Auxiliary to the difficulties which the productive sectors of the economy are meeting are the difficulties facing the services and the ancillary activities surrounding all aspects of Barbadian life. In the field of banking, Barbados swarms with foreign banks and is to get a new one, which I hope is not coming to compete with the others already established for the limited volume of local funds at present available. Consumer credit is quite properly contracting but not, as we in the Barbados Labour Party have urged for years, in the interest of expanding home and industrial loans. Instead there is pressure even from the Government for commercial bank funds and we are painfully discovering that the money supply, even at the excessive current rates on interest, is running way below demand.

The cost and shortage of money means that many people who would be anxious to embark on house building programmes cannot, or cannot afford to do so. The sector which immediately suffers is construction - and all of us who doubted the Prime Minister when he said last year, that there would be \$100 million new construction within a year have unfortunately, been proved right. Construction was also damaged by the cement tax which it took too long to remove, although we in the Barbados Labour Party called for its removal at the earliest possible stages last year after the 1973 Budget. Since construction is the area of economic activity that does most for Barbados' unemployment problem, the continuing failure to expand in this direction perpetuates the conditions that at present exist, where 50%, half the population aged between 15 to 20 years do not have jobs. Even making allowance for those at school after the age of 15 this is a formidable figure and one which should trouble every Barbadian when he sees the unemployed teenagers waiting, waiting for a Government with a Youth Employment policy that will give them an early start in working life. Even among adults, the employment situation is far from satisfactory. The latest National Insurance figures show that well over 100, 000 persons have registered under the Scheme apart from the self-employed, but that only 75% of them paid at least one National Insurance contribution in the year under review. How do these figures square with the Government's official figures that the work force of Barbados is only 90, 200 of whom approximately 9% are unemployed? Is the Government trying to hide the true level of unemployment so that the Prime Minister's promise to abolish it by 1976 will appear to be true?

In the field of Government activity, Mr. Speaker, we are also going through a quiet period, evidenced by, among other things, the fact that for the first time in many years the moneys voted for repairing and

renewing roads, and for building houses for the the people, have been reduced. 7.15p.m.

It is only a year since the Prime Minister complained that although the country was spending \$35 million annually on education, he was not sure that we were getting value for this sum and went on to question the quality of the teaching service.

The difficulty facing Barbados in the light of its Balance of Payments deficit, to yrhieh I will return, have at long last achieved Budget status. I, in particular, am very pleased to hear the Balance of Payments dealt with by the Prime Minister, for I have felt like a lone voice crying in the wilderness for the last 5 years in budget replies, trying to get the Minister to take warning. This year, for the first time in my recollection, he has recognised that the horse is running wild, long after he should have shut the stable door.

But over and above all these, Mr. Speaker, is the major concern of the people of this Island today, call it by whatever name you will, inflation.....rising prices.....the cost of living. The cost of living going up, up, at unprecedented rates, rising faster than incomes can possibly follow. The greatest problem to the man in the street, because of its urgency, that he has had since before popular government came to Barbados under the Barbados Labour Party.

Some figures, Mr. Speaker. With a base for the cost-of-living index set in 1965 at 100, the present price index comprises seven divisions each properly "weighted" as it is known, according to what proportion or part of the household budget is spent on each. The biggest weight is given to food and drink, since most of the weekly budget goes on that, and other items range from housing through clothing, medical expenses, transportation and so on to education and miscellaneous. In 1965 a new index was started with a base of 100 points. By December 1972 this had risen to 162.4 points with food rising more than average to 170.5. By December 1973 the index reached the stupendous height of 204.6, an increase for the year, as admitted by the Prime Minister, of 26%. Since then, in other words in 1974, it has shot up at even greater speed, reaching 229 points at the end of last month, March, a catastrophic annual rate of considerably over 40% inflation. I repeat, Mr. Speaker, that we are running so far, in 1974, at a price increase rate of 40%, one which will shake the whole economy to its foundation unless it is checked. Food prices have gone up 28.4 points, a 13% increase already in the first quarter of 1974, according to the Government's own calculations as supplied by the Statistical Service. Over a year at this rate food prices will rise half as much again as they were in 1973.

These are unacceptable figures, Mr. Speaker, and we do not have to be alarmists when we say that something MUST be done. Last year was a year of unprecedented price rise but in no quarter, not even October to December, did the index rise as much as 10%. In the corresponding January to March period of 1973 the rise in the index was only between 2 and 3%. Far from getting better, in the face of warnings from the Opposition — and let us not forget, from Dr. Persaud — the Government and the Minister of Trade have let things get worse.

If ministerial efficiency and quality is to be measured by success, there has never been a greater failure than the Minister of Trade. I remember some years ago in Britain when Mr. Emmanuel Shinwell was moved from a succession of Ministries to the War Office, his appointment was welcomed by one of his conservative opponents. Mr. Shinwell was surprised, but surprise turned to discomfiture when his tormentor declared, "he was Minister of Mines and we got no coal, he was Minister of Food and we got

nothing to eat, now he is Minister of War, we will get no war." By this token Senator Taitt should be Minister of Garbage, and Barbados might then have one of its more unpleasing problems solved.

But I open myself to the charge, Mr. Speaker, of shopping at the branch and leaving the tree. That is not to say that the branch is not withered; if the Minister of Trade is to be removed for nothing else, he will be remembered as the man who, with the whole apparatus of import licensing at his command and the Barbados Marketing Corporation under his control, allowed the merchants and importers to dictate to him by the judicious use of the forced shortage weapon — a weapon to which he has as yet found no suitable answer. A simple street or market hawker can be prosecuted if she refuses to sell supplies at the scheduled price, but merchants can let their customers know that the shortages on the shelves are due to prices not being to their liking and still not face punitive action of any sort. Consumers can therefore never be sure that a price rise is justified (as some must certainly be) by import costs or whether it is due to more pressure than the Ministry of Trade can stand at a given moment.

I spoke of the tree, Mr. Speaker, and in the last analysis it is to be the tree that we must look in this matter of the cost of living. As I see it, only the Prime Minister can take the decisive steps necessary to correct any permanent imbalances in the system. The price of food, to deal with the principal problem, is compounded in Barbados of supply costs and distribution costs. It may be thought that the distribution system is so firmly entrenched that to attempt cost reductions by simplifying or altering it, involved major economic surgery that it would be better to postpone it until the more flexible supply aspect has been explored. I would not, however, like it to be thought that the Barbados Labour Party has ruled out the possibility of simplifying or modifying the 3-tier food distribution system in this country by which some or many foods are imported by a commission agent, wholesaled from a Roebuck Street business and retailed in a Supermarket or Country shop. I happen to believe that the wholesalers play a vital and generally useful and equitable part in maintaining food supplies, especially in country districts, a part which commission merchants would be unable or unwilling to sustain. But nothing is sacred when economic survival is at stake, and our Party's planners are giving intense thought to the Island's distribution problems and the relative values of the commission merchant, the wholesalers, the supermarket, the shopkeeper and the Barbados Marketing Corporation which if properly run by people who understand business, can play at least three of these parts.

This brings us to the problem of supply and what the Budget has done about them. Food can come from three places in our 1974 context: Barbados, the rest of CARICOM, or overseas. I must confess, Mr. Speaker, that I am a little at sea with the Agricultural Marketing Protocol and the prices set under the CARICOM agreements. I am informed that the ban on the importation of chicken announced in the Budget cannot, under the Treaty, apply to CARICOM chicken and we will therefore be free to obtain whole chickens at the protocol price of \$1.25 per pound and eggs (Grade A) at \$1.45 per dozen. In the days before the ban I am unaware of any flood of Trinidad or Guyana poultry products, and I will have to reserve judgment until such a flood materialises. I will therefore deal with food to be imported from foreign countries (foreign that is to CARICOM) and food produced in Barbados.

7.25 p.m.

With the prices of overseas foods, we can do but a very little except to ensure that commission agents do not import the more expensive foods so that a percentage mark up will realise more in terms of hard cash and more also in proportion to freight charges and fixed overhead costs. The usual cure for this

would be competition, but I do not have full confidence that there is the cut-throat competitive spirit among the commission agents in Barbados which necessarily leads to the cheapest goods being brought into the island. I pass on this thought to the Ministry of Trade; get a research department, working in co-operation with Barbados' Embassies and Missions overseas, that can search out sources of supply and report on the cheapest. Trade attaches in the countries on which we model our diplomatic services generally work to expand their countries exports. In a country such as Barbados where imports run at no less than 77% of the Gross Domestic Product — a phenomenal figure, which has hardly changed for the last few years — our need is broader. The Barbados Marketing Corporation and the Trade Ministry need import marketing information equal or superior to that available to private business; in passing I may mention that the complaints I have received from businessmen who consider that they have been let down by the Ministry of External Affairs in an overseas trade matter have related to imports not exports — most recently with a source of cheap cement.

I pass on these constructive comments to the Ministry of Trade, even although my more diehard supporters would say 'let them suffer, keep it for when we are in Government'. The Minister is so feeble, and the problem so desperate, that it really is a case of all hands to the pump. The Labour Party's policy on re-organisation of the Ministries will, in fact, be to combine those of Trade and External Affairs. The alternative source of food is to be found in domestic agriculture, and in touching on this, I am on ground where the legions have trampled endlessly under the Democratic Labour Party, marching to and fro in search of a policy. I could talk all night, Mr. Speaker, on the Massacre of the Innocents that has been the series of DLP agricultural programmes. \ First of all the Prime Minister looked forward to the death of the sugar industry. In my view he has completely forfeited all moral authority to declare a new policy or seek to popularise a new agricultural Minister. He has been relentless in his negative approach, and now that he has finally, after 13 years, learnt that sugar is and remains the main export earner and main contributor to reducing the balance of payments deficit, he should gracefully "retire to the wings" and NOT try to do himself a mischief by getting a cane blade in his eye.

The needs of the Sugar Industry are simple. First of all, a Land Use Policy that does not permit the further cutting up of valuable sugar lands for what has been pretending to be subsidiary agricultural development, but what in fact was mainly residential development for persons who wanted two acres of land cheaply. I will quote from a passage, and adopt it, from the first draft of the 1973—1977 5-Year Development Plan which appeared under the title "Land Use Policy".

"The break up of agricultural land into high priced residential lots was and remains a major source of concern to Government.

Agricultural land in Barbados is so scarce that Government is forced to take steps to ensure that optimum use is made of this scarce resource.

Since the indiscriminate fragmentation of highly productive agricultural land and its division into residential lots do not represent an efficient use of that resource, government will take steps during this planned period to stop the fragmentation and to arrest the movement of land out of agriculture".

This section, which was written by a Government Planner and with which we in the Barbados Labour Party, are in total agreement as a development statement and a suitable Plan objective, proved so offensive to Government after they had written it, that it was deleted after the Development Plan was

printed and bound, and a bland piece of nonsense substituted that has nothing whatsoever to do with Agriculture under which head it appears in the Plan. The fragmentation of estates has led to much heartbreak and public discord although perhaps private profit has been large enough to make up for losses of esteem. Solicitors in wrangles with their clients, Bank Managers "resigning", even a Minister retiring to his farm, and now the latest a series of logic-chopping letters to the newspapers from worried speculators whose schoolboy arguments would be pathetic if they were not backed up by massive private persuasion. More strength to the arm of the Minister of Home Affairs, I say, and we on this side will support him if he declares a three-year halt on the further cutting up of agricultural land. This is another constructive suggestion which I hope my supporters will not mind my offering the Government.

The Sugar Industry's other needs are financial; it is necessary in the light of the unwillingness of young people to enter the industry to mechanise the harvesting of cane and it is necessary to give the industry at least the same incentives as the tourist business to enable it to survive and to reach once more a productive level of 150, 000 — 170, 000 tons of sugar annually at which point it will again be making its proper contribution to the economy.

But the Sugar Industry will not feed Barbadians directly, although the money it earns forms the largest part of what we have available, to buy food overseas. It is a diversification and a fishery programme which will make the difference. In 1965 a tripartite mission visited Barbados and reported that only 500 acres of fertile land would be sufficient to grow our vegetable needs. Of course in financial terms, there would have to be a substantial investment in irrigation, fertilising and in a trained labour force. There will also have to be proper storage, processing and marketing arrangements. Where livestock, including poultry, is concerned, the policy of the Barbados Labour Party is to return to a system of feed subsidies thus keeping down the cost of the finished product to the consumer while giving the farmer a fair return. The fishing industry in our view must also be assisted financially to modernise itself so as to reduce fishing costs per landed catch and at the same time, give fishermen a prospect of a decent existence.

Measured against the food needs of Barbados, what has the DLP policy achieved in agricultural diversification and non-sugar production. In our view, Mr. Speaker, a basic mistake was made in removing the statutory necessity for planting a certain plantation acreage in vegetable crops. Since 1970 the prices of yams and sweet potatoes have doubled (sweet potatoes more so) and in this they join flying fish, from 10 cents to 3 for a dollar and dolphin from 75 cents to \$1.70, a spectacular increase. I hope that the Prime Minister will not tell me, that because the flying fish and dolphin are landed from boats at Oistins and other places that the increased price represents the importing of inflation! If he has a hope that the price level of locally supplied food will prove "in the main more stable than price levels for imported food items" our experience in Barbados and the activity of the Ministry of Trade do not, so far, confirm any such hope.

Well, Mr. Speaker, that is Part One. I have set out the problems and we fall now to consider how far the Budget for that first year of the future has done anything to meet them. Specifically what has it done to —

- (1) Get the economy going again;
- (2) Control the balance of payments;

(3) Keep down inflation and the cost of living;

(4) Reduce unemployment;

(5) Help to produce more local food and so on.

The list is endless. It is at this point that I want to remind us all, of a simple economic lesson the Prime Minister has never allowed the public of Barbados to understand. Increasing taxation is not a solution to every or even to most problems of a developing economy. The measures needed to deal with a Balance of Payments problem may not at all lie in the direction of increased taxation and those needed to improve the level of economic activity hardly ever do. A Budget cannot only be measured by the level of taxes it imposes. In the case of this the third of a series of post-1971 Budgets, the tests to be applied must surely be the state of the economy and the general condition of Barbados.

First the economy. I must confess to a really sinking feeling, Mr. Speaker, when I realised that the first time in living memory a Minister of Finance in Barbados was having recourse to playing with figures in order to present a rosier picture of the level of economic activity than the facts warranted, using statistics, in the words of Andrew Lang "as a drunken man uses lamp-posts - for support rather than illumination". All sorts of unparliamentary epithets came to mind as I heard the Minister solemnly say that in Barbados "1973 remains a year of real growth and productivity increase". 7, 35 p.m.

Dishonest economics, untruths — these are only the milder expressions. In the end I consoled myself with remembering what Disraeli said or is supposed to have said on a similar occasion: "As I heard it, there are lies, damned lies, and statistics". You see, politics is for many people a matter of trust. If you can present a man as not worthy of trust, it matters not that he is really a person of integrity, personal and political, who has never done a financially or other, dishonest thing, never said one thing today in my company and another tomorrow in yours, and so on. In a small community and especially where politicians are involved a smear sticks even among people who have the means of knowing better. By contrast those who utter or encourage such smears are often felt to be free from any stain on the reasoning (usually quite false) that a man will not condemn in others what he also sees in himself.

These are general remarks, Mr. Speaker, and now to be specific. For years, in all the published documents, the level of economic activity in Barbados has been measured by taking the Gross Domestic Product, discounting it by setting off any percentage increase over the previous year against the increase in the Retail Price Index and discounting it again for population growth. Until this year, no other method has ever been used. Thus, for 1971 the Economic Survey reported on this basis that there was no real growth in the economy. For 1972 again on this basis the Prime Minister told the House that the real growth was less than one per cent. If the universally accepted practice was followed, he would and should have told the House that for 1973 the Economy slipped back in real terms by over 6% without even taking into account population growth, the worst performance in Barbados' recent history and one that folly justifies every warning whether given by the Opposition or otherwise. But no; a phony figure, a dishonest figure called the "average annual increase" much less than the real increase in prices for 1973 as measured by the Index, is used to produce an imaginary advance in economic growth. Average of what? Of previous years? Invented so as to estimate 1973 on the basis of 1968 or 1969? Average of items in the cost of living index which has not risen by much but which in fact forms but an insignificant part of household expenditure when compared with food? This so-called 'average' rate is not to be found

in any publication of the Government Statistical Service, is not a term of art and is not used by proper economists; for the purposes sought: Unfortunately it is or has now been used by a politician for what purposes the country can judge. I say that after that, when the Prime Minister says walk, don't just run, fly, but not in the Prime Minister's plane.

The Prime Minister paid me the compliment recently of saying in this House that I knew facts and well understood what was going on. I wish he had paid me, and the public, the compliment of not underestimating and insulting our intelligence by thinking that his shabby statistics would not be seen through and exposed.

The novel presentation has a number of unfortunate effects, and in passing, I will say that I hope that those journalists who unwittingly trusted the figures presented in the Budget Speech will take note of mine as well and submit them to independent analysis so as to arrive at which presentation is more worthy of trust. I am informed that the daily newspaper is planning to highlight details from the last four of the Prime Minister's Budget Speeches in one of its weekend issues. I really look forward in the interests of honest journalism, at least to recognition that there is more than one statement in existence on the performance of the economy in 1973. Apart from tending to mislead the public, the Prime Minister's figures may tend to mislead the Government itself, for 1973 is the first year of the new five-year Development Plan in which a 5% annual increase in real growth is projected. In his foreword to the plan, the Prime Minister admitted that he has failed to fulfil all the objectives of the 1968—72 Plan, and there is a danger that when this is revealed again to be the case in 1976, the same methods will be used to present the truth to the public in a more palatable light.

Another example where I regret that I was forced to suspend my powers of trust in the present financial management of the country relates to the Public Debt. The only word that I could hear emphasised when the Prime Minister read that part of his speech was the word 'reduced'. I even made a note of the special emphasis he gave to it, and the way he glossed over what followed which was, that the Public Debt has risen by more than \$18 million in the financial year just ended, to a figure of over \$100 million. Charges of Debt, that is what it costs to pay interest and otherwise service the overall amount, have been projected in the Estimates at nearly \$20 million envisaging yet another staggering rise in Government indebtedness. These spectacular borrowings reveal much that would otherwise be hidden in an analysis of this Budget. First, the Government is substantially withdrawing purchasing power from the economy by reducing the amount of loan funds which the commercial banks and other lending institutions would otherwise have available. Secondly, the very large amounts borrowed, explain how the Treasury and departmental payments difficulties, which were experienced in the middle and end of last year, have been financed without recourse to excessive taxation. In other words, faced with huge deficits, the Government borrowed its way out of trouble, and intends to borrow more, in the process saddling Barbados with interest payments that even in the first year of their incidence are going to amount to 131/2% of projected revenue. Indeed the increase alone of \$81/2% million in Charges of Debt for the forthcoming year is equivalent to the proportion which the whole cost then bore to the general revenue at the time of the writing of the Development Plan.

We turn now to the figures of Revenue and Expenditure for the financial year 1973—74 with which the Prime Minister opened his Budget. They reveal a deficit on current account of \$8.2 million, a figure with whose arithmetic I have no quarrel. The fact of a deficit is what is important here, for never before in recent history, has the Government of Barbados failed to be able to meet its current day-to-day

expenditure out of Current Revenue. Barbados has not 'balanced' its overall budget for many years now in the classical sense that all Government expenditures could be financed out of revenue without having recourse to borrowing, nor would we in the Barbados Labour Party put this end forward as desirable, since the forms of development undertaken by successive Barbados Labour Party and Democratic Labour Party governments are not intended to benefit only one year of taxpayers but will be there to benefit taxpayers for decades to come who can therefore reasonably be asked to carry some of the cost by way of interest and repayment. But different considerations apply between Current Account and Capital Account. It is only the Capital Account which should be charged wholly as last year or more properly partly as in earlier years, to future taxpayers, for it is only Capital Expenditure that represents a permanent addition to the nation's assets. Current expenditure represents in the main the salaries of the public service, Charges of Debt and the many day-to-day outgoings of government of a recurrent or temporary nature. This form of expenditure should surely be financed out of taxation and current revenue. Barbados was never a Grant-Aided Colony, . unable to meet its current commitments from current revenue, and it is disgraceful that in the eighth year of independence, it should now sink to this level. It is true that every year the Prime Minister has estimated for a deficit on current account, and then on Budget Day has announced that revenue has risen far past estimation and that expenditure has been less or has not risen so much, due to "the buoyancy of the economy" or some such phrase and that he is in the position of having a surplus on account instead of a deficit. I have dealt with all this in previous years and of course, Mr. Speaker, this is all bound up with the question of trust as well, but apart from that, it is a reflection that there has been steady inflation for years, assisting to increase the Government's revenue from customs duties and consumption taxes by more than it has increased the level of Government expenditure. What is a 5% annual cost of living increase for civil servants when the cost of living is really going up by 25%? Perhaps this is what the Prime Minister meant when he said last year that inflation can be a good thing. 7.45 p.m.

Anyway, this year despite inflation, he has failed to achieve his current account surplus, so that the figures read:

1969-70 Surplus \$1.8 m.

1970-71 ,, ... \$7.3 m.

1971-72 ,, ... \$9.6 m.

1972-73 ,, ... \$7.5 m.

1973-74 Deficit \$8.2 m.

How was this deficit financed? The Budget is quite innocent of any explanation. During the year the Public Debt rose by \$18.2 million overall, and it is known that Sinking Funds accumulated by the success of the Deep Water Harbour were used to pay off old debts of \$12 m, so that the \$30 million dollar expenditure on Capital Works was financed by the same amount of new borrowing. What of the \$8 million shortfall in current revenue? Some time ago, Mr. Speaker, on the 4th December 1973 to be precise, suspecting that there was in the popular phase "no money in the Treasury" I asked a Question in Parliament designed to find out if the Treasury was still in general overdraft with the commercial banks in Bridgetown or if it had current accounts which were in credit. This is information which, by section

16 of the Financial Administration and Audit Act, 1964, must be obtained in Accounts and Statements to be laid every month in the House of Assembly not later than the last day of the month after the period to which they relate. In other words we should by now have had the February, 1974 accounts. A check of my parliamentary papers reveals that the last accounts which have been sent to the House of Assembly relate to the month of November, 1972 and were laid one year and three months late. This is the state of the public accounts of Barbados, and it is a thing that we can all appreciate, Mr. Speaker, for all of us in here must certainly have bank accounts where we have no difficulty about getting Monthly Statements. How would we deal with our Bank Managers if they sent us statements 15 months late, I wonder. Yet we accept (or some of us accept) a Ministry of Finance that treats this as a matter of course.

I should also mention that the Parliamentary Question which I asked has not been answered in four months although it is within my knowledge that the Accountant General has supplied the information to the Minister of Finance. I do not know why, Mr. Speaker, the Government does not wish to tell the people the state of the Treasury at the present time; but the upshot of it all is that I cannot tell the House the state of the Treasury's bank account today or at the end of last month as I should be able to, by law; but in November, 1972, it was already \$8, 266, 913.07 overdrawn. What it is today I do not know, but I believe it is more and the public will judge, if the popular phrase "there is no money in the Treasury" is misplaced.

Against this background may also be judged the grandiose words of the Prime Minister that he has removed from several Government Departments the power to delay payments for a period of more than 3 weeks. How is it that the Prime Minister has been Minister of Finance for between 12 and 13 years and has only now discovered that he could take this step. He speaks of inheriting incompetence, but is it any worse now than his inheritance has been in the last 12 or 13 years? I am reminded of a certain former Member of our Party in this Chamber who told the electorate in St. Joseph that he had been telling lies for the Barbados Labour Party for over 20 years and the scales had at last fallen from his eyes. Our reply was then, and now, is "Why did it take you so long to find out." That is what we say to the Prime Minister.

It is again a matter of trust, Mr. Speaker. I would trust the Prime Minister's words in this regard far more if they had been spoken last year when complaints that the Government was not paying its bills were at their height. Why was it suddenly last year that these complaints reached that pitch, if the Treasury was full and overflowing all the time and it was only departmental inefficiency that was holding back payments? Does the fact that the Government clearly had to borrow to meet its current commitments, have nothing to do with it? Where was the Prime Minister, anyway, when the economy was convulsed in the worst financial agonies of his administration? These questions, Sir, all go to trust and to the credibility of a Government that has outstayed its welcome.

So much for the general state of the economy and the condition of Government -finances. Now for the Balance of Payments. This problem is really much more dangerous than the Prime Minister admitted. He spoke of the severe pressure on reserves. I take him to mean Foreign Exchange Reserves; but he did not reveal, again a matter of trust, that the total reserves fell from \$50.3 million in 1972 to only \$21.9 million in 1973, a fall, which, if continued, will consume our Foreign Exchange Reserves entirely in 1974, unless the trend is reversed. If they fell by nearly \$30 million in 1973 and now stand at only \$21.9 million, at the end of 1974 they will be entirely gone. These figures were not presented to the House, Mr. Speaker.

I do not even want to dwell on them, Mr. Speaker, as I have no doubt that the Governor of the Central Bank has the problem under careful consideration. I will say this, though, again as a matter of trust, that the House deserves the actual figures. A further direction in which the situation must be watched carefully is that whereas in the past we shared a common currency with the Eastern Caribbean and sheltered under the umbrella of sterling, all that is now altered and the EC \$ is like the pound, a foreign currency. In earlier times we were lazy and allowed the commercial banks to balance our overseas payments for us; it was then that we really grew lazy and the warnings I gave so often were ignored. But now we have payments deficits with our CARICOM neighbours as well as with overseas countries, and these cannot be dealt with by import restriction. I expect in due course to hear from the Prime Minister how he hopes to improve productivity in Barbadian industry to deal with the problems posed by CARICOM competition.

Another dangerous trend in the Balance of Payments is that the rate of increase of imports exceeds the rate by which tourist receipts are rising. Much of our import bill goes to buy food and other items that are going to be consumed by tourists and tourists receipts are a major source of foreign exchange. However, in the year under consideration imports rose by 21.6% and tourist receipts by only 14.1%. Even exports, which were described as rising at a slightly greater rate than imports rose at only .2 of one per cent more, a negligible figure. In any case, Mr. Speaker, I believe that the relatively low rate of increase of imports was more due to Barbadians not having the means to purchase abroad at former levels than to any positive act of policy. That the Government was prepared and indeed hoped for a higher rate of import than has been achieved, is revealed by the latest figure for Customs and Excise Receipts which take the picture down to the end of February or 11 months of the financial year. These figures show that except for rum, up \$40, 000 in S3 million and racing service registration which is as expected, every Head of Customs and Excise has fallen below expectation, notably Motor Vehicle Tax and Consumption Tax which have actually fallen in amount in comparison with 1972. 7.55 p.m.

These figures of course mean that some of the Government's import duties, imposed in the last Budget proved counter-productive in that, they reduced revenue instead of improving it. This would certainly be the case of motor vehicles and whisky. It also means that any effect in the right direction on the Balance of Payments was accidental, an opinion in which I am fortified when I hear the Prime Minister say that he is going to aim to reduce the deficit without aggravating inflationary trends. One of the things on which I thought most public financiers agreed on was that it is automatic that a deficit in the Balance of Payments and inflation fall together. Reducing inflation has the normal effect of improving the Balance of Payments in both directions. Only our Prime Minister would think that a special effort is needed to achieve these mutually desirable and fortunately inclusive aims.

And now to the Taxes, Mr. Speaker, and first the levy on sugar. After much strain and much negotiation, Barbados and other Commonwealth sugar producers have obtained an increased price for sugar exports. Here in the Island, the Barbados Labour Party on hearing of the increased price, pressed for special retroactive wage payments to be made to the sugar workers, and the Sugar Producers' Federation came eventually to agree. Plantations and cane farmers felt that here was an opportunity to invest in the much needed cane harvesting machinery which would give workers a respite from the back-breaking work of cane cutting and make the industry viable again. Now, instead of giving some relief to the industry, that can contribute more to solving our Balance of Payments difficulties than any other, a further tax is put on. The burden will fall more on the worker than on the plantation, for the

share of sugar revenue that normally is negotiated for plantation employees approaches 60% of the overall receipts of the industry.

I am not inclined to trust promises to spend money on social programmes for the broad mass of the people, and I am highly suspicious of any promise to do with Housing Sugar workers are, in my view, the worst housed of any economic class in Barbados, and are also the least able in terms of income, to buy Government—built houses, even if any were being constructed in agricultural districts. According to a statement made by the appropriate Minister during debate on the Estimates this year, the reason why the Government is spending \$2 million less on housing this year has nothing to do with the \$2 million which the Coastguard will cost, but reflects the fact that houses are now being built for sale rather than for rent and therefore the National Housing Corporation will have an income coming in. This actually rules out the hopes of the lowest paid workers in this Island of living in Government houses, and we in the Barbados Labour Party consider it wrong that the sweat of the sugar workers' brows should be used to finance housing for any group other than sugar workers. Some of the expected revenue in the Barbados Labour Party's view should immediately be made available to the appropriate Sugar Workers' Loan Fund for housing repairs, and we go further. We say that the sugar Workers' Provident Fund is also in need of moneys and that the new levy should be used to strengthen it and to pay out cost-of-living allowances to retired sugar workers on what now appear, with inflation, to be very small pensions indeed. We feel that the Government, far from taxing Agriculture, should have announced a rebate of all duties on fertilizers and should have outlined plans for a return to feed subsidies on pigs and on poultry, as I said earlier, so that the just demands of consumer and farmer alike can be met. The fact that in Jamaica the levy is as much as \$120 a ton has nothing to do with us in Barbados. The Jamaican Sugar Industry is absentee owned; it is owned in England. Our sugar industry is owned by people who are showing that they have a commitment to Barbados by remaining here and continuing in agriculture. A lot of lip service is being paid to agricultural development, Mr. Speaker, but when we really get down to it, what do we really find? The Development Plan admits, and I quote in respect of the years 1971 and 1972 "that the poor economic performance of those years is directly related to the sugar industry whose uncharacteristic low production levels have had an adverse effect on growth and export performances." Yet the same Development Plan allocates only \$3.6 million for Agriculture and \$500, 000 for Fisheries between now and 1977, but it sets aside no less than \$5 million to build a new post office. What kind of planning is this, Mr. Speaker, and what kind of budgeting?

After Sugar, Tourism. The much hated 4% tax on gross earnings of hotels has been removed, giving the industry a solid shot in the arm and at the same time a 5% room charge is imposed which will go on to the bills of hotel guests. What I fail to understand is the trial and error budgeting involved in such an exercise of stop-go financial policy. The alternative of sales tax was available to the Prime Minister when he imposed the original gross charge, but he ignored or rejected it then. Now, following the pressures that the Hotels and their spokesmen within the .Democratic Labour Party have exerted, a more usual impost has been made to collect revenue from Barbados' number one industry. We are already a very expensive tourist centre but I daresay that 5% will not significantly worsen this situation, but I would have preferred to see the Government take this opportunity to announce a few bold steps in tourist policy, I would have preferred to see the Government announce that it intends to demarcate areas of activity where local Barbadians and nationals would be given a special position in the tourist business. We in the Barbados Labour Party believe that there should be a policy that only nationals should be allowed to operate apartments or indeed own houses for rent as an investment in this Island. In Bermuda, not noticeably a place that projects an anti-foreign image, non-Bermudans are limited as to the

residential property which they can own and in particular they cannot live in one house or apartment on that Island and rent out another. We now have a limited policy of restriction on foreign landholding in Barbados and the time, in my party's view is surely ripe for working out an overall plan for land use of this type. 8.05 p.m.

The next tax measure that I will touch on, Mr. Speaker, is that relating to Highway Revenue. There appears to be great rejoicing in the purlieus of Hastings, Bay Street and Coleridge Street at the Budgetary provisions which not only relieve taxis of the increases in motor vehicle taxation, but also freeze their numbers at the present level. And well should there be rejoicing, for the company with 50 or more vehicles now enjoy a permanent advantage and will never have to fear that an individual, the former senior Member for St. Michael, Mr. Dick Sealy, to give an example, will be able to thrust his way up from the ranks and take his place among the giants of the taxi business. It is the small man who will inevitably be held down by this particular proposal. Take for example, Mr. Speaker, an example known to many of us who represent country constituencies, of an enterprising citizen living in a village in St. Philip or St. John, St. Thomas or St. Peter. He buys a car and single handed creates a taxi business. People who would like to go to a distant funeral but had no transporation, he would take. He gradually gets his neighbours accustomed to the facility of a hired car to take them to church, to town, to weddings, to the doctor, and eventually the work becomes too much for him. In unnumerable cases, such a taxi operator has bought another car and got a son or nephew, relation or friend, to join with him and expand the business in and out of his village. And of such is enterprise made. But not any more, Mr. Speaker, for under the Prime Minister's proposal, those at the top will stay at the top, and those at the bottom will stay at the bottom. He has not even said what will happen to the taxi rights of those who die or go out of business altogether. What we in the Barbados Labour Party believe is that the licence fee concession should apply only to the first 3, 4 or 5 taxis owned by an individual or company. We see no reason why the big garages should not pay normal road taxes on each vehicle above the minimum in their fleets, and if this proposal results in a reduction of the big fleets, there will be that many more taxi licences available for the small man. At the present time, the Insurance Companies give an advantage to the big taxi operator. Why should the Government give it too? That is what we ask. The only exemption which we would like to see made from such provisions would be relief for taxi co-operatives. The average man in the country cannot hope to build a hotel; he ought to be able to build a business which can benefit from the tourist who come to stay in hotels.

As for bicycle licences, Mr. Speaker, I have never heard such a waste of time. The small amount of revenue this tax brings in is so unimportant that it should be abolished altogether and this has, in fact, been the policy of the Barbados Labour Party for some time. Such a tax is a waste of teenagers' time and it should be replaced by a once for all charge to get an identifying mark to put on the machine. It would be better to increase the taxes substantially on the couple of hundred speedboats that guzzle gasoline, or on the ownership of private aircraft, for these are generally the playthings of rich men whose pockets can afford the extra stretch.

Another tax which should have been abolished rather than raised is that on conductors' licences and any special fees, indeed, that have to be paid by public transport employees. I am surprised that, at a time like this, these irritation petty taxes should be occupying the attention of a Minister whose worries run to millions, except for the purpose of abolishing them. Why is it necessary to pay for the identifying marks for: a driver or conductor at all? They wear uniforms. Why not do as in many areas and let them stitch their names into their working clothes so that you will know with whom you are dealing?

The new import duties increased or reduced by the Budget again raise some interesting points on trial and error. Last year in the Prime Minister's words on this aspect of budgeting, "the most important change in indirect taxation will result from the implementation of the Common External Tariff.....as one of the instruments of the proposed Caribbean Common Market. While the Government is fully committed to regional integration it is my intention to adopt measures to ensure that major increases in import duties do not result in serious effects on the cost of living." Well, that was a joke, but he proceeded to alter the tariffs on 376 items including raising the tax on whisky from \$17.33 preferential and \$18.78 general to \$53.00 preferential and \$55.00 general per gallon. Barbadians thereupon stopped drinking whisky or at least whisky on which tax had been paid. This year the Prime Minister said: "In keeping with our obligations under the Common External tariff of the Caribbean Common Market, I propose to introduce reductions in import duties from their present levels to the Common External Tariff level" and he proceeded to reduce the tax on whisky which he had raised last year under the same battle cry. *Res ipsa loquitur*, Mr. Speaker, as the Attorneys say, the thing speaks for itself. It required only Appolonius to say "Methinks there is method in his madness" to make the circle complete. It is not of course only whisky to which the remarks apply, but to a range of other articles including champagne, brandy, gin, vodka and other beverages which are all reduced, while beer, the people's beverage, has been increased. I am sorry, Sir, I cannot understand it. Either the Prime Minister knew what the tariffs would be, or he should have waited. Meanwhile he has damaged the whole liquor trade and done revenue no good in the process.

Mr. Speaker, this year's Budgetary Proposals are full of infelicities and inconsistencies, both internal and external when we compare what has been said with the main facts. For example, the Budget spoke of \$20-24 million to be spent on extensions to the Deep Water Harbour. On a first hearing, the impression was given that work would be starting at this level in August of this year. The Development Plan, however, reveals that only \$8.7 million is to be spent between now and 1977. Not the \$20-24 million that the Prime Minister threw out as the figure in the 1974 Budget Speech. We have heard nothing more about the energy crisis except for the new gasoline tax, but we in the Barbados Labour Party would certainly like to have heard more of the policy which we have put forward, namely, that the only way the Government can be sure of ensuring oil supplies to Barbados in future is to go into the business with a National Petroleum Corporation. There are numerous proposals that have been put forward from time to time to deal with the overall supply of imported goods to CARICOM, but not a word from the Minister as to how these will affect Barbados. I hope that, at least, when he goes to or is represented at the CARIFTA Council of Ministers later this month, he will urge that Caribbean—wide bulk purchasing arrangements be made at the earliest opportunity for commodities such as flour where Barbados gets so much the worst of the deal that bread costs much more here than in our sister territories. It is through this sort of arrangement that we will be able to push the cost of living down, and not through anything that is said in the Budget.

I want to end, Mr. Speaker, on an unusual note. I want to quote at length from a writer who is a member of our Party but not a part of the directorate of the Barbados Labour Party. His words express so precisely how I have wanted to end this speech that to paraphrase them would be mere plagiarism. He is speaking of the members of our Party at the time of the last election and this is what he wrote in the *Advocate*—News of a fortnight ago.

"They had put forward a sensible plan for reconstruction of the economy of this country and it was

ridiculed, at times, on the misprint of a few words.

There is nothing now that they did not say would happen. The external situation now blamed for everything was looming large for some time, we spoke about it, but who cared? How many times did I ask in this column what was going to happen when ships did not come with food? Who listened?

What they called a prophecy of doom was an accurate assessment of the situation. Where we were wrong is that we did not quite realise how much people liked to be fooled. V

When we talked about inflation, we were told that it was no problem at all, that' all that we needed was for people to have money in their pockets, "purchasing power" they called it. 8.15 p.m.

Anybody who had some understanding of the situation knew that we were at a level of inflation that would collapse our economy around us. Rising prices and poor productivity is the death knell of any country.

Today at last the reality has come home. Everybody realises that something is wrong."

Everybody realises, that is, except the Minister of Finance, who although he is the wrong shape for an ostrich, has still managed to bury his head firmly in the sand.

Mr. Speaker, I beg to move that the Resolution do now pass.

Mr. CRAIG:

I beg to second that, and to reserve my right to speak.

Hon. C. E. TALMA:

Mr. Speaker, it would seem as though the Members of the Opposition have now concluded their speeches or replies to the Prime Minister's Financial Statement and Budgetary Proposals, and if this is the case I would like to revert to Government Business to deal with the Resolution for which leave has already been granted by this House.

Mr. ADAMS:

Mr. Speaker, the Leader of the House was kind enough to inform me of this before hand. We have concluded today's speeches, but we have not necessarily concluded debate on the Budget. The hon. Member for Christ Church West who is unfortunately stranded in Trinidad and Tobago and the hon. Member for St. Peter who is in London as well as hon. Members who are present would wish to make speeches, but I have finished, Mr. Speaker, and I am quite happy to support the return to Government Business at this stage.

POSTPONEMENT OF RESOLUTION RE BUDGETARY PROPOSALS, 1974-75

To assist the hon. Member I will move that further consideration of this Resolution be now postponed.

Mr. CRAIG:

I beg to second that.

The Question was put and resolved in the affirmative without division.

**RESUMPTION OF GOVERNMENT BUSINESS
RESOLUTION RE THE GUARANTEE LOAN OF
\$1 MILLION FOR THE NATURAL
GAS CORPORATION**

Rt. Hon. E. W. BARROW:

Mr. Speaker, this is one of the first productive measures which, when the House gives its approval, will.....

Mr. MOTTLEY:

On a point of order, although we have agreed to discuss this

Resolution which is before the House, I do not think it has been circulated.

Mr. SPEAKER:

My understanding is that it has been circulated to all hon. Members.

Mr. MOTTLEY:

Mr. Speaker, I want to raise this point because I got up and said it was not circulated. It was not in fact circulated to me. I have just received it.

Mr. BOLDEN:

On a point of order, with all due respect to the Rt. Hon. Prime Minister, this is the umpteenth time that this situation has arisen in this House.

Mr. SPEAKER:

That is no point of order.

Mr. BOLDEN:

May I make a plea to be heard in respect of my rights in the House?

Mr. SPEAKER:

That is no point of order.

Mr. BOLDEN; On a point of privilege then.

Mr. SPEAKER:

I don't see the point of privilege either.

Mr. BOLDEN:

I am speaking about something that is to be debated in the House that I have not yet seen.

Mr. SPEAKER:

Leave has already been granted to debate it.

Mr. BOLDEN:

This is what I want to say. How can we be debating something that we have-not yet seen?

Mr. SPEAKER:

Leave has been granted to debate it in all its stages. Please take your seat.

Rt. Hon. E. W. BARROW:

I should like to apologise to the hon. Member. The position is that it was circulated to most of the Members on this side, but the Marshal of the House did not want to disturb the Hon. Leader of the Opposition when he was making his speech. It is very simple and it is a very short document, and even the hon. Member for St. Joseph ought to be able to read it within two minutes..

All the time these altercations are going on, he could have been reading the document. I will take my time and explain it in detail so that the hon. Member will be able to follow me. It is a very simple Resolution and it is the first of the measures which we hope to take to redress our Balance of Payments position for reasons which I shall give to the hon. Members who are interested.

It is provided by the Natural Gas Corporation Act of 1950 that th& Corporation may with the approval of Parliament from time to time borrow money by way of loan, overdraft or otherwise or raise capital by the issue of debenture stock upon such terms touching the borrowing issue, transfer, interest and redemption as may be approved by Parliament for all or any of the following purposes —

- (a) the provision of working capital;
- (b) the fulfilling of the functions of the Corporation under that Act;
- (c) the acquisition of other gas undertakings;
- (d) the redemption of any stock which they arc required or entitled to redeem;
- (e) any other expenditure properly chargeable to capital account.

8.25 p.m.

The position at this moment is that we are now wasting in the atmosphere something like 360 million cubic feet of gas as a result of the opening up of the oil wells in the southern part of the island. From my examination of the report of the Natural Gas Corporation - the last report which was issued, I cannot remember whether it was 1972 or 1973, but I think it was 1972 - it would appear to me that the Natural Gas Corporation distributes something like 105 million cubic feet of gas per annum, and we have had to import liquid petroleum gas from the neighbouring independent Caribbean country of Trinidad and Tobago in order to supplement our supplies of natural gas which hitherto have been coming from two wells, Springvale No. 1 and Turner's Hall No. 19. The well at Turner's Hall has a limited life span — I cannot say whether it is three, four or five years — and the well at Springvale performs perfunctorily in

that it builds up very high pressure and then it drops very suddenly, so frequently, use has to be discontinued so that the pressure will build back up again. In order to ensure the steady flow of gas through the mains of the Corporation, the decision was taken some time ago to import liquid petroleum gas from Trinidad and Tobago, and for this purpose a mixing plant was constructed at Spring Garden, Black Rock in the parish of St. Michael and a new line was brought over St. James and the service then became a little more reliable.

In the meantime — and by this I mean in the interim between the time the supply became available and the time when the Liquid Petroleum Gas plant was installed — the Natural Gas Corporation carried out a policy of discouraging the industrial use of natural gas. If I may tell you one of the unfortunate off-shoots of this is that here in Barbados, a country which is of coral limestone formation, predominantly in six-sevenths of the land mass, we are importing lime from the United Kingdom for our sugar industry, when we used to burn lime in a lot of small kilns at various places in the country — Brittons Hill, the Pine, Apes Hill, Harrisons Plantation and other places — and the one at Apes Hill was very useful to this country to the extent that we even exported considerable quantities of lime to other sugar producing islands, and lime was much used in the construction industry as well. Today we are producing no lime and are importing lime from Jamaica and from the United Kingdom although Barbados is a limestone island. That is one of the direct consequences of not having adequate or guaranteed supplies of natural gas in the island. We have now come to a very interesting situation, because from the study which has been carried out by the oil drilling operators, General Crude Company, it appears that we are on the point of dissipating in the atmosphere something like 360 million cubic feet of gas annually from a total of 25 wells which is the target figure which the company set itself for the immediate future in the parish of St. Philip and on the boundaries of the parish of Christ Church, and the purpose of this loan of \$600,000 is to enable the Natural Gas Corporation which is on a very good wicket in this respect to finance the laying of the main from St. Philip into the existing system of the Corporation from Woodbourne to the parish of St. Michael, probably close to the Belle Pumping Station. It is the intention of the company to pump the surplus gas and store it in the wells in St. Andrew and bring it back into the system, because the rate at which the gas would be produced from the new oil fields will be too great for the system with the number of consumers we have at the moment to absorb.

One of the beneficial effects of this venture on the part of the Natural Gas Corporation is this: We would reduce imports. We can eliminate imports of liquid petroleum gas altogether and it is the importation of the liquid petroleum gas from the neighbouring countries which has caused the price of natural gas to the consumers to go up. The cost, even with proper rates of amortisation of the pipeline taken into consideration will be 25% of the cost of producing gas in the system before the price rise. This now has interesting possibilities, not only for domestic consumption, but it has very interesting possibilities from the point of view of reducing our fuel importation bill. If the projections are correct about the amount of gas which will be available, the next step would be for a further expansion and to revert to industrial sales of natural gas which means that operations like the Barbados Light and Power Company would not be solely dependent upon — especially where their steam turbines are concerned, but this would not apply to their diesel generators — oil from overseas. There should be a commensurate reduction in the cost of electricity if we are able to supply the Barbados Light and Power Company with the excess gas which is now and will be dissipating in the atmosphere unless we capture it, harness it and use it for the purposes of man. Not only that, but the fuel costs of a cement plant are considerable. They constitute a very high proportion of the total cost of the end product. So far, all our surveys and projections of the proposed cement plant which will be coming to fruition very shortly, have

a very high local product content, and there is an imported product elaboration here in Barbados, and that product elaboration is in respect of things like gypsum and fuel. 8.35 p.m.

But when we develop these resources in the way in which I should like to see them developed with this loan, then we may be in a position to eliminate even that factor, and the only imported factor in the production of cement will be gypsum which will come from a Commonwealth Caribbean country like Jamaica, and we do not regard that as any drain on our resources. In any event, with the clinker, the amount of gypsum which one grinds in the final production of the product for the market will be negligible, compared with the other local im-puts into the operation.

So, Sir, the loan for which we are seeking a guarantee is one which is not only likely to be revenue productive, but also to be very productive in the field of import substitution.

I therefore beg to move that the Resolution that the House approve the raising of a loan of \$1 million by the Natural Gas Corporation to be guaranteed by the Government and according to the terms and conditions as set out do now pass.

Hon. C. E. TALMA:

I beg to second that.

Mr. WALCOTT:

Mr. Speaker, I have some reservations in my mind about oil companies and their dealings from what I have been reading of the U.S. Senate committee which is investigating the behaviour of these companies.

I do not regard them as any saints. When I say that, I am wondering, because since this gas is going into the other wells at Turner Hall.—In 1951 when the wells at Turner Hall were put-up, , they said that gas was emitting at Woodbourne in St. Philip, and if the scientists are going to say where the population density of the island is, it is not in St. Andrew, but in the area where the oil is emitting. The density will be in Christ Church near to the wells, and in St. Philip, the biggest parish of the island.

I would like to know what is the scientific defence for building up gas wells in the vicinity of where the gas itself is coming up rather than at Woodbourne because you will have the Seawell Airport Development going on and you will have to carry gas there some time.

It is a question of what is going to be the eventual position. If you are going to give the people in Barbados gas; if gas is going to be the answer to some of our problems, it means that more household and industrial use is going to be made of gas. If the Natural Gas Corporation is to meet our future needs, then you have to lay more gas mains.

I hope that someone will come out and say that it is not scientifically feasible to sink wells anywhere near where the gas is emitting from the point of view of re-distributing — rather than carry it to Turner's Hall and have to lay more pipes.

Rt. Hon. E. W. BARROW:

Mr. Speaker, I am not a gas technologist. Although it is said that this Chamber is the biggest gas

works in the island, I am not a geologist, but the sort of well we are talking about is 1, 000 feet wide by 360 feet deep.

What I wish to explain, however, is that gas is the natural concomitant of the reclamation of oil. Where you have oil wells that are flowing they flow because of the pressure of the gas, and normally they allow the gas to burn off.

The average well is only about a six or eight-inch bore in diameter. It looks like an ordinary pipe and is about "eight inches in diameter at the maximum. They are the ones that I have seen, and the oil comes up either under pressure or you have to pump it up. There is oil in some wells being pumped up, at Woodbourne and there is some oil flowing. There is at least oil flowing from one well at Fisherpond.

Now, you cannot store it because you will be pushing back down the oil. A large enough reservoir or steel tank to store the gas, will be something like 1, 000 feet in diameter and 360 feet high. Therefore you use what Mother Nature has provided. We know that the one at Turner's Hall has been a natural reservoir during the past years so you cross pump from Springvale into the main and probably at night when the pressure is low pump back into Turner's Hall and store it there.

We do not know the size of the underground cavern. In fact it may be several tunnels; but we do know that there are underground tunnels which Mother Nature has provided. That is why it is not now the question of availability to St. Patricks or the density of the population in a particular area.

That is why the Natural Gas Corporation will bore where there is a sufficient density of population and put a supply of natural gas; so there is no reason why places like St. Patricks in Christ Church or places in St. Philip should not have natural gas, because there is a sufficient density of housing say at Marchfield which is not far from the source.

You cannot expect the Natural Gas Corporation to build two miles of pipeline to go to a place like Mount Pleasant because people there say that they want natural gas. For them, bottled gas is the solution. We cannot produce bottled gas in Barbados because it is too expensive. It has to be reduced to a temperature of minus 273 degrees to liquify it, which could reduce the temperature or air condition the whole of Barbados. It could cost millions of dollars, and it is cheaper, for us to import bottled gas from the neighbouring countries. I hope that that explanation satisfies the hon. Member.

The Question that the Resolution do now pass was put and resolved in the affirmative without division.

ADJOURNMENT

Hon. C. E. TALMA:

Mr. Speaker, this concludes Government Business for today's Sitting. I beg to move that this House do now adjourn until Tuesday the 7th May, 1974, at 10.30 a.m.

Hon. G. G. FERGUSSON:

I beg to second that.

The Question was put and resolved in the affirmative without division. Mr. Speaker adjourned the House accordingly. 8.45 p.m.