THE

House of Assembly Debates

(OFFICIAL REPORT)

SECOND SESSION 1976 – 81

HOUSE OF ASSEMBLY

Tuesday, 6th December, 1977.

Pursuant to the adjournment, the House of Assembly met at 12.15 o'clock.

PRESENT

His Honour W. C. B. HINDS, J.P., (Speaker); Mr. R. St.C. WEEKES, J.P.; Mr. E. E. GREAVES, B.A., Ed.M.; Hon. Miss B. A. MILLER, (Minister of Health and National Insurance); Hon. L. B. BRATHWAITE, (Minister of Communications and Works); Mr. J. G. ODLE, B.Sc., (Chairman of Committees); Hon. H. B. St.JOHN, Q.C., LL.B., (Deputy Prime Minister, Minister of Caribbean Affairs, External Trade, Industry and Tourism and Leader of the House); Mr. V. L. JOHNSON, M.A.; Mr. B. M. TAITT, M.A.; Hon. L. R. TULL, M.A., (Minister of Education and Culture); Hon. DeL. O. BRADSHAW and Mr. L. L. SISNETT.

Prayers were read.

Rt. Hon. J. M. G. M. ADAMS, Hon. F. G. SMITH, and Mr. SANDIFORD entered the Chamber and took their seats.

MINUTES

Mr. SPEAKER: I have been advised that the Minutes of the meeting of the 24th November, 1977, were circulated at a very late hour but, however, I understand that all members are in possession of their copies. This, I understand, arose from technical difficulties at the Government Printery, which they are trying to overcome. I believe, in the light of this situation, the Leader of the House is expected to move that the confirmation be deferred.

Hon. C. L. BOLDEN entered the Chamber and took his seat.

Hon. H. B. ST.JOHN: Mr. Speaker, in view of the statement made by Your Honour, I beg to move that the Minutes be deferred in order to give Members an opportunity of perusing them.

Hon. F. G. SMITH: Mr. Speaker, I quite appreciate the case of the Minutes, but there have been complaints about lateness of Order Papers, too, and I take it that the technical difficulties also apply to that. I assume so.

Mr. SPEAKER: In some respects. I have investigated the matter relating to the lateness of Order Papers, and this is being attended to. There being no objection, the confirmation of the Minutes is deferred until a later date.

PAPERS LAID

Hon. B. A. MILLER: Mr. Speaker, I am commanded to lay the Health Services (Medical Staff Committee) Regulations, 1977.

Hon. DeL. O. BRADSHAW: Mr. Speaker, I am commanded to lay the Annual Report of the Child Care Board for the period April 1976 to March 1977.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I beg to give notice of a Resolution to grant the sum of $156,400 out of the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1977–78, Part II – Capital, as shown in the Supplementary Estimates 1977–78, No. 21, which form the Schedule to the Resolution. This, Mr. Speaker, is the Resolution of which Your Honour has been kind enough to allow urgent notice to be given of so that it can be dealt with in all its stages today. It is a very, very urgent matter, and later on in the Session I will be asking for it to go through all its stages.

I also beg to give notice of a Resolution to grant the sum of $38,373 out of the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1977–78, Part I – Current as shown in the supplementary Estimates 1977–78, No. 22 which form the Schedule to the Resolution.

NOTICE OF QUESTIONS

Mr. SPEAKER: The Hon. Member for St. Michael South Central. His question in respect of the Commission established under the Chairmanship of Mr. Neville Nicholls.

Hon. F. G. SMITH: Mr. Speaker, I beg to ask of the Rt. Hon. Prime Minister the following questions:

1. Has the Commission established under the Chairmanship of Mr. Neville Nicholls to review Parliamentary salaries and terms and conditions of Parliamentary service reported?

2. If the answer is in the affirmative, will the Prime Minister take immediate steps to publish for public information the report and recommendations of the said Commission?

3. Will the Minister state whether or not the Government intends to implement the recommendations of the said Commission?

4. If the Government does not intend to implement the recommendations of the said Commission, will the Government state its reasons for the non-implementation?

5. If the Government intends to implement the recommendations will the Government state how soon the Legislation to implement the recommendations will be introduced into Parliament?

Mr. SPEAKER: The same hon. member. His question concerning Members dying while in service.

Hon. F. G. SMITH: Mr. Speaker, to ask the Rt. Hon. Prime Minister and Minister of Finance and Planning:

1. Is the Minister aware that if a member of Parliament dies while in service his estate is not under the provisions of the Retiring Allowance (Legislative Service) Act Cap. 12A entitled to any gratuity for which the member would have been eligible if during his lifetime he ceased to be a member of Parliament?

2. Will the Minister take immediate steps to have the law amended to remedy this obvious defect?

3. Will the Minister treat this amendment of the law as a priority?

Oral Replies to Questions

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I beg to give notice that the replies to Parliamentary Questions Nos. 1, 2 and 3 are ready.

SUSPENSION OF STANDING ORDERS

Hon. H. B. St. JOHN: Mr. Speaker, I beg to move the suspension of Standing Orders, 6, 16, 18, 20, 42, 43 and 44 for the remainder of today's sitting. I give hon. members the assurance on the other side that all Private Members' rights will be preserved, and the object of moving the suspension of the Standing Orders is to facilitate the time table and to allow us to carry through the Resolution, which was circulated earlier, in all of its stages.
12.25 p.m.

Hon. H. deB. FORDE: I beg to second that.

The question that those several Standing Orders be suspended for the remainder of today's sitting was put and resolved in the affirmative without division.

GOVERNMENT BUSINESS

Hon. H. B. St. JOHN: Mr. Speaker, I beg to move that Government Business be now taken and that Item No. 9 be the first Order of the day.

Hon. H. deB. FORDE: I beg to second that.

Mr. SPEAKER: Government Business is now the instant Order of the day.

Hon. F. G. SMITH: Mr. Speaker, I just would like to say a few words about Item 9 which deals with an amendment to the Income Tax Act. The Government has just circulated some amendments to the Act which we found since we came in here. I think it is but fair for the Government to let this stay until later in the session, since the Government is aware that members were only circulated with this since we came into the House. We are not standing in the way of the Government doing its business, but they cannot expect the Opposition to do justice to this when these amendments were just circulated.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I assure hon. members that they will have an opportunity at the luncheon adjournment to deal with these amendments, because I do not anticipate we will reach Committee stage at any particularly immediate hour, Sir.

The amendments are of the slightest, they are substantially what is in the Bill. The amendment to clause 2 corrects what is an error, the amendment to clause 4

protects one of the budget proposals. The amendments to clause 8 also correct errors and omissions from the amendments of substance.

Mr. Speaker, the Bill before the House basically....

Mr. SPEAKER: There is really no Bill before the House as such.

Rt. Hon. J. M. G. M. ADAMS: I am sorry, Sir.

The question that Item No. 9 be the instant Order of the day was put and resolved in the affirmative without division.

THE INCOME TAX (AMENDMENT) ACT, 1977

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, the Bill before the House fundamentally deals with a number of budgetary measures. It contains one or two matters which have become necessary since the budget. It also contains one or two matters of correction, and closing of some loopholes in the Income Tax Act whose need was recognised at quite an early stage, the opportunity for dealing with which had not yet arisen. The Bill even contains one or two matters which were first enunciated by the hon. member for St. John when he was Minister of Finance as long ago as July, 1976.

It is not a comprehensive alteration of the law of income tax, but it does contain one or two substantial matters which will in due course be studied in Committee. I would not want in second reading to speak about the details of the Bill, but to speak only about the budget proposals and their extension.

I would like to take this opportunity, since the income tax is the principal contributor of Government revenue, to deal with one or two matters in the Government's revenues generally in the light of the financial situation in which the Government finds itself. It is a commonplace, Sir, that for some years Barbados has experienced difficulties in Government financing. In the year 1973–74 the Government's finances went into deficit and they were again in deficit in 1974–75. In 1975–76, due to the fortuitous circumstances of a high sugar price, they were in surplus, but when you substract the sugar export levy – a report on which I thought was to be laid today, I see it among my papers – when you substract the sugar export levy, it will be realised that, even in that year, fundamentally the Government's finances were still in deficit.

In 1976–77 there was again a deficit, and in 1977–78 a substantial deficit can be confidently expected. My only hope is that when we reach 1978–79, although a deficit can again be expected then, that we will begin to see our way out of the woods. Deficit financing is all very well, Sir. You can hope that in a time of generally rising incomes associated with inflation that the income tax will produce improved collections, you can hope that as the cost of importing goods rises so will the amount of import duties, and as the cost of domestically produced goods rises so will the amount of consumption taxes, but this has not entirely been our experience in Barbados over the past few years. It does seem to us that we have moved into an area where relative private prosperity can exist at the same time as Government penury.

12.35 p.m.

We have available to us recent income tax figures, and the hon. member for St. Michael South may rest assured that as soon as they can be collated in a better form they will be sent to him in accordance with a promise; but we do have recent and up to date income tax statistics to show that the assessable incomes of tax payers in Barbados have shown considerable rises over the years of inflation.

The gross assessable income of the 52,572 income tax payers in Barbados was $327,911,579 in 1976. The total taxable income in 1976 was approximately two-thirds of that $219,739,587; and that is as near as makes no difference to two-thirds of the assessable income. The difference is made up of tax allowances of various sorts. The number of taxpayers at the bottom is diminishing annually. There are now only 3,150 taxpayers earning less than $2,000 annually, and this number has been falling steadily over a period of time. At the top, Sir, there are 472 taxpayers earning more than $30,000 a year. Indeed, they have a gross income of just over $21 million, that is, the 472 top earners. Out of these 472, 108 are self employed and 364 are salaried employees.

I know that hon. members like to hear the tax at the top, and I thought I would give those in detail. The largest class of taxpayers in this country in terms of absolute numbers is still the class earning $2,000 to $6,000 annually, and that class embraces over 31,000 persons who earn $126 million. These are the broad statistics that I thought might be of interest to hon. members.

Now, there is some evidence of private prosperity in the country. Obviously money incomes have risen for many persons, although Corporation Tax receipts have been down a bit. Yet, they have been at such a level as to persuade us that we need not expect any great volume of business bankruptcy over the next 12 months and that the imposition of the Corporation Tax – which I will deal with later in my speech – can well be afforded by the taxpayers of this country.

But the Government is proceeding on a course which, if left entirely unchecked, will lead to a situation that a corporation would understand as bankruptcy. We have never before had to face this situation so persistently and for such a long period of time. Various means have been tried to deal with it. Harping back to my predecessor's statements about the general buoyancy of the economy, we have inflated and reflated to some extent, and indeed we have had the reward of a projected deficit in the last financial year which was of the order of $20 million when it was conceived reduced to a figure of, I believe, $7 million when the final figures were known; but we cannot go on forever with a system where the Government has to borrow money to meet its current expenses.

I know that much of what I am saying has been said before; but it has to be repeated so that everybody can understand what is the problem. You cannot go on borrowing money to pay Public Officers' salaries. You cannot go on borrowing money to meet the transfer payments occasioned by the relatively high level of social services at present enjoyed by the people of Barbados. I want to dwell on this particular subject for a moment or two, Sir. We enjoy a very high level of welfare services, and other transfer payments in this country. We have old age pensions. We have national assistance and other payments of that sort. In education we have free school meals now for all primary schools. We have a school books scheme and we are going to have a free uniform scheme. We are going to try to link the day nursery system fully with pre-school education.

In Housing we have a widespread system of subsidised house rents; and in the last few years indeed the thrust of Housing has been away from building houses to be rented at subsidised rentals. The thrust has been to build houses for middle and lower income persons to purchase; and this has undoubtedly saved the Government money at the expense of the less well off, who cannot afford payments on houses costing $25,000, or $30,000 or $32,000 and who still have hopes of renting a piece of government land to put a house on, or actually renting a government house.

Nevertheless, the structure of subsidised housing goes back more than 20 years and it is still so. I hope, Mr. Speaker, that hon. members will notice that I am giving credit all around — if credit is what is being sought — and I am also applying discredit all around if you regard transfer payments as bad financing as indeed it well might be so considered in the U.S.A. If that is so, all members have to share equally in the blame for erecting the social services which we now have. I am not saying that there is really any blame. I am just saying that these social services were created when there was an expectation of the general rise in Government revenue. Since we have no intention of dismantling, they have to be maintained at a time when the Government revenues are not so buoyant and have not been buoyant for a number of years.

There are some things that I must say about welfare services. I do not consider free secondary education as a welfare service. I think that free secondary education should be part of the natural order of things. I am not including that. It is the ancillary services that we give to our school children. They are very expensive, and more expensive in many ways than in the developed economies of Western Europe which, do not as far as I know, give school meals at US 5¢ each, nor do they give free school uniforms; certainly you would not expect this in the U.S.A. These are services of a very high order.
12.45 p.m.

These are services of a very high order. Perhaps I should mention at this stage that I have deliberately not mentioned the National Insurance and the forthcoming national health service. They are self-financing schemes; they are schemes for which a fund has been or will be created and which will finance themselves, and indeed, well, not the national health service, which is as far as I know to be financed out of income, but the national drug plan for example, they are schemes which will perhaps make some contribution to the provision of credit to Government in the future. I am not including those because I think it important that welfare schemes as far as possible should have that element of self-financing which allows them to be carried on. The bus fare scheme is another example of a welfare scheme, a transfer payment, subsidy payment; but I do not regard this to be true of national insurance or social insurance generally, including in the widest sense retirement insurance; unemployment insurance which we cannot promise for this session, but have every expectation that we will be carrying it into effect in the next session of Parliament after 1981; health insurance including the drug plan and so on. These things are soical services but they are social services on the insurance principle.

I am dealing with the transfer payment, the subsidy payment, the welfare payment *per se* at this point. Over a period of years these welfare payments have grown up bit by bit, without in many cases reference to the country's ability to support them or any reference to competition between sectors for welfare payments. In many ways it has been a strong and able Minister capable of formulating policies that will gain acceptance by the Cabinet who has got his views through. I see the hon. member for St. Michael South nodding his head. He is nodding in anticipation for I think it is a tribute to his personality that free school books and the pushing downwards of the age at which it is considered that education can be of

assistance to a child and matters of that sort have found their way, so to speak, on to the welfare roll. There has been no overall plan, no planned attack on the needs of the disadvantaged and the young and the not well-off in our society. I have accordingly put in hand a study of all the welfare payments on Government and of the subsidies offered by Government to its citizens, and I very much hope that this study will be completed and proposals formulated by the time of the next Budget, so that I will be able to tell Parliament exactly what the Government has in mind for the planned and continued expansion of the welfare services on a basis that Government can afford without falling into difficulties. I do not think that we should jump from stage to stage according to current political prospects or difficulties with such matters as the old age pensions. I believe that the old age pension, the non-contributory old age pension, should be directly related to the condition of the economy and the condition of Government finances as a whole, and therefore I intend to ask the Director of Finance and Planning in his study to select a suitable figure for the overall volume of transfer welfare and subsidy payments, related to all the other charges upon Government financing, and more importantly related to the need to generate domestic savings of that level which a middle income developing country ought to be generating, and ensure that in future the welfare payments, the old age pensions, national assistance and welfare payments in education and so on show that continual rise which reflects the need and care that Government should have for the aged and disadvantaged, but at the same time also reflects the conditions which face us in Government financing at present.

I took the opportunity yesterday and today to study some of the proposals made by Dr. Eric Williams in his budget recently presented to the Trinidad House of Representatives. Now we in Barbados and we in this House in particular, have been crying out about the need to increase the old age pension, but Trinidad despite its petrodollars has only now got an old age pension as high as ours, only from today. $85TT per month is approximately $19.61 per week, and the Barbados old age pension is equivalent to $18.72TT per week. Our old age pension is only within a dollar of that in Trinidad, and Trinidad has virtually seven times the budget that we have. Our total expenditure this year is $379 million BDS and Trinidad's total expenditure is over $3 billion TT.

I would ask you also to take note, and I am fully aware, Sir, indeed if the Opposition ask me I will do the praising for them myself, that in education the level of the welfare and transfer payments to school children in Barbados remains higher than in Trinidad. Trinidad is only now introducing the free nutrition scheme to schools. Trinidad is only now giving $40 a year for school books and uniforms, and this is in a country where the budget is fully balanced, and has thrown in a figure of $500 million for "loans to be raised" really only for so. The Trinidad Government's investments bring in $132 million a year. That is the investments of Government. Our Government's investments include Carib West, Seafoods, North Point and Bath Plantation, and despite our having to carry those we have still been able to afford a higher level of public housing than Trinidad, a higher level of welfare for school children than Trinidad, a higher level of old age pension than Trinidad until today. This is very good because it shows that the taxpayers of Barbados are willing to make sacrifices in the interest of those who are not able to help themselves that perhaps the taxpayers of Trinidad have not shown the same willingness to do. But it also underlines what we mean when we say at the present time the Government cannot afford this or afford that; and it also underlines what perhaps those better off than us mean when they say "why should we lend money or give assistance to a country that has such a high level of welfare services"? I am not suggesting in any way that we reduce it, but we have to understand there is a point at which we must cry "halt".

There are countries in the world, an unfortunate example, Uruguay in South America is one such, the worst of all perhaps, which collapsed under the weight of their own social services. The social services were so extensive there was not enough money to afford them and the country found itself unable to carry on the Government. The Military had to take over and put an end to all that. I have no intention of seeing that happen in Barbados, and so a programme of planned growth of the welfare services will be instituted, but hon. members need not expect any *ad hoc* jumps from place to place in response to temporary or even permanent political pressures. The Government has to reshape its finances. I sincerely hope that the support of all hon. members will be forthcoming for such a policy in the future.

12.55 p.m.

Now this leads me to the first of these policies that I want to talk about; a policy which is not immediately connected with the proposals which I hope to bring in the next Budget, but one so much in the public view that I think Parliament deserves a specific statement on it. This refers to the Government's guidelines on wage restraint and the current discussions being held with the union on this subject; and I want to indicate some of the Government's thinking on this matter.

Now I want to say, Mr. Speaker, that I am not saying all I know about the discussions which are still going on. There is still dialogue between Government and the Unions. Some offence has been taken, and

rightly so, by one of the parties that matters still classified as secret find themselves being revealed to some extent in places other than the conference room.

Now Government's basic guidelines on wage restraint were mentioned in my budget statement last year. Members opposite would do well to turn to page 39 of the printed statement. I won't read the whole Budget but if I can summarize some of what I said then: "Government considers that a major contribution to domestic price stability would be the adoption of agreed national guidelines for increases in wages and salaries over the next three years. As we are all aware the three year wage agreement contracts were normal in Barbados prior to 1974. The energy crisis and the escalation of inflation influenced the emergence of two year contracts. With price stability returning, the Government would like to see a reversal to the three year contract system as has recently been agreed to by the Staff Association of the Central Bank." I went on to say that in recent years it appeared that the rate of increase in the cost of living has been the major criterion on which demands for increases in wages have been based. I mentioned that with the slow down in the rate of inflation there seemed to be a good opportunity to break out of this inflationary psychology.

It seems to me that inflationary psychology is still as strong as ever and one needs only to look at the experience of many countries of Latin America to recognise that unless concerted action is taken to hold down all prices, including that of labour, it will be impossible to prevent to re-emergence of an inflationary spiral.

It seems impossible to get out of people's heads that inflationary psychology is still holding Barbados in its grasp. Because it was possible to get 25% wage increases a few years ago, there seems to be an idea that this is still the level at which you start asking for wage increases today.

Now, Sir, nobody is against wages going up, but for anybody to suggest that increases in wages do not cause inflation is nonsense. Increases of wages in Barbados do not necessarily bring about increases in the cost of imported goods. But when you increase wages in shops, the shopkeeper will either increase the mark up on his goods or send home staff, otherwise he will lose money. This is an ordinary every day economic truism. If you increase the wages of workers at the electric company by 24%, you have to pay more for electricity. If the amount of electricity being produced goes up 3% but wages go up 24%, the company is going to ask the Public Utilities Board for an increase in rates to cover the gap between the 3% and the 24% to pay the increased wages to workers; and in the end the very same workers will have to pay increased electricity rates, increased prices in the shops even for locally produced goods, food, beverages, etc. So do not let there be any doubt that one of the costs of increasing wages is increased prices of goods. The only way to increase wages without increasing prices is by increased productivity or by increasing unemployment; the only ways shops can accommodate increased wages are by selling more goods, or raising prices, or sending home workers. The Minister of Caribbean Affairs is the expert in this matter. He has done a great deal in achieving expansion of manufacturing output by encouraging export of Barbadian products, trying to make manufacturers see where their real interest lies. But this is harder than the immediate recourse of passing on increased wages, and this is where you can get an inflationary spiral arising.

Mr. Speaker, it was possible for the last Minister of Finance and his Cabinet to say that inflation was imported into this country, but the current inflationary pressure we are facing are mainly as a result of domestic pressure and we are fighting day and night to find out why this is so. Yesterday I got original figures for increase in the cost of living during November – a relatively small increase – but even that increase is the subject of analysis of officers of the Ministry of Finance and Ministry of Consumer Affairs. We want to know exactly what foods or beverages went up in price in November and why. I wish I had the details to bring to the House today but the investigation started only this morning.
1.05 p.m.

But members of the public can rest assured that, just as when we saw that sweet potatoes had gone to 70 cents a pound we took such steps as would increase the supply and gave such warnings as would deter the profiteers to bring them back down to 50 cents; so when we saw that the price of onions was beginning to rise above the 60s, we opened the import licences and put a control price of 50 cents. I must say, Mr. Speaker, that I am actually disappointed that although the BMC has been selling onions much cheaper than 50 cents when it got the opportunity, as cheap as 35 cents a few weeks ago, not all of the merchants have done this, and we may find it necessary to vary prices at shorter time intervals in future. Just as we have done this for these items, we intend that there will be no area where the Government is not prepared to intervene to keep down prices either by controls, or by exposing those, who we consider are charging unwarranted prices for their goods, to the blast of competition to shake them up a little bit.

We are doing our best with the prices side of the Prices and Incomes Policy. We do not only monitor prices in Barbados, but we monitor prices in the Eastern Caribbean Islands where there is much less money around

and where prices can be expected to be lower in the ordinary way of things. We monitor prices in Trinidad. The publication of prices in the Trinidad Central Market for food and vegetables are watched quite carefully. We know that there is more money about in Trinidad, and the minute we see that Trinidad prices are noticeably lower than ours, we immediately ask the reason why.

The Foreign Missions abroad have all been instructed and are beginning to feed a steady flow of information on prices in London, in New York, in Canada and even in Caracas, Sir. When the Isreali Ambassador comes here, perhaps, to talk politics, he finds himself also talking economics. Why is your citrus and citrus juice so much cheaper than citrus juice produced right here in the Caribbean by our Caricom partners? Can you give us an idea? If necessary, can we import trial amounts from you and so on?

Mr. Speaker, I should leak out a little information that, in this particular area, the Government very much hopes the whole area of fruit juices, where I think there has been a lot of undue profiteering not necessarily by our own merchants, but by merchants in other Caricom territories perhaps even more than ours, there may be some fundamental new moves which will bring these very important beverages, so important to the health of our children, down in price and increase the availability over a considerable area of selection to the people of Barbados.

We are, Sir, in other words, doing everything we can to ensure, within the limits imposed on us as a small trading nation, the keeping down the level of domestic prices. The steps which we are taking to keep down the prices are mentioned from time to time, and we do not think that it should be necessary for us to indicate especially to interested parties, either the consumers or the unions, any particular step at any particular time. I want to say that any member of the public is free to write to the Ministry of Consumer Affairs regarding complaints about pricing policy of merchants, pricing policy of importers, and give his general views on the prices of goods in Barbados at any time. His views will be treated with respect, and any comments which he makes or facts which he gives will be dealt with expeditiously and reasonably.

Sir, this extend to matters of public health as well, and I should like to mention it in passing. It has been indicated to me that certain complaints have been made about the selling of certain articles unfit for human consumption by certain agencies of Government, and that these complaints have been made by persons who are fearful to disclose their names or the place where the articles were bought and so on. I would like to assure anybody that if he goes to any place in Bridgetown – if it is a private merchant, if it is the BMC, if we sold meat in the Ministry of Finance, Sir, – anybody is free to complain that the birds got at the meat, the rats ate it, that it was rotten, that it had typhoid or whatever meat can get, and he will not be victimised. Far from being victimised he may be compensated. It is nonsense. I just do not believe that anybody is afraid to tell the Government that he bought rat-bitten meat for fear of victimisation. If the original story was true, the person would be prepared to state his name secure in the knowledge that whatever he bought would be replaced – replaced, perhaps, with a little more, and he would get the assurance from a Minister of Government that all steps were being taken to eradicate every rat left behind by the previous regime. Now that is the Prices side of our Prices and Incomes Policy, Sir.

With regard to the rate of inflation, up to the end of October the inflation for this year was 6.8%, I do not know if this figure has been generally published, but that was the cumulative rate from the beginning of the year. Now I stated at an earlier stage, Sir, that discussions are proceeding with the unions on the matter of wage restraint. I have held meetings with all of the unions representing workers: the Barbados Workers Union, the National Union of Public Workers, the union that represents Secondary School Teachers, and the Barbados Union of Teachers. The Unions have been provided with the most up-to-date economic information of the Government's finances and on the state of the economy. Some of this is still classified Secret, and I must thank the Unions for respecting the secrecy of the documents and the analyses that have been made available to them.

I am not in a position to discuss the details of what the Unions and I have spoken of. I was dealing with the guideline and, perhaps, at this stage I can, again, refer hon. members to what I said in the Budget Speech. I have not, indeed, discussed figures of this sort precisely with the Unions for the reason that it is possible for all to read the Government's policy in the record of what was said in April, but for the record of what is to be discussed in December and January I will read it again. This is particularly what was said about the 5%:

> "When applications for increases are based on the need to prevent erosion in the real wages of workers, the increase in the Cost-of-Living Index can be used as a guide."

1.15 p.m.

"If this were the only criterion then it will not be reasonable to expect that the maximum wage increase which could be justified in Barbados at the present time would be of the order of 5% per annum, and the Government considers that this figure may be used as a general guide. However, it is clear that accounts need to be taken of considerations of social equity in order to determine the actual wage increase which can be accorded to workers at various income levels."

That was the guideline, and every word of it was meant to convey something to the public, and the Unions as well appear to me to have understood what was involved in that, although how far they sought guidance on following the guideline for the immediate period after the speech may be a slightly different matter.

Hon. members in the Opposition with the exception of one hon. member who I think in recent weeks – I do not know if I can say has taken leave of his senses, Sir, it is true he is not here today so I do not think I should speak of him in that way – but hon. members of the Opposition appear to have understood the guidelines and not to have made unfair representations about them or dealt with them in any spirit other than one of responsibility. Maybe the words have taken a long time to come out, but I think that on this occasion the fact that the Opposition is generally responsible for understanding that a price and incomes policy which involves some measure of wage restraint is necessary is something on which they should be congratulated, and I say so with all humility, I am not trying to be patronising or anything like that, it means that it has to be accepted by all sides in Parliament that a line has to be drawn somewhere and that we cannot continue with such schemes which have proved over and over again to lead to that destruction of our foreign reserves which will ultimately drag Barbados down in economic ruin.

At the time of setting out the Government's wage guidelines, I indicated that account should be taken of productivity in the sectoral level. I indicated that, and that still remains a cardinal part of Government's policy, but as I will say later in my speech, we are not accepting that productivity gains achieved mainly by the dismissal of workers are to be reflected in automatic wage increases. We do not only have inflationary pressures and balance of payment pressures, we also have severe problems of unemployment, and I am going to tell the House something about the unemployment level later on.

I also in particular mentioned the role of the income tax credit in assisting wage earners to bear some of what may be regarded as the burden of wage restraint. I do not intend wage restraint to be any burden at all, Mr. Speaker, on persons at the lowest wage levels and in middle income levels. Let that be clearly understood. I believe that at the highest income levels there may have to be some reduction in the standard of living. It is not possible to ask middle income wage earners, far less the lowest wage earners, to make any kind of sacrifice at all, while there are 462 people enjoying a gross income of $21 million, and I do not intend that there be any 5% upwards for anybody at the level above $30,000. Indeed it will be 5% downwards, when the Bill now before the House gives this legislative sanction, and I can make no promises that a more generous view will be taken of incomes at that level in the immediate future.

But the Government is prepared to consider small income tax concessions to increase disposable incomes for lower and middle income earners and wage earners *only* as part of the wage restraint package. We do not intend to enter into any exercise to finance wage increases out of the general revenue. We will also say this, that we do not want to have to introduce, we have indeed ruled out, except as the last of last resorts, any system of taxing away wage increases. Certain Governments when they find that the Unions will not agree with them about wage restraint and all its social concomitants, when they find that no Union, no employer will agree with wage restraint, these Governments do shrug their shoulders and say "all right, let them get the increased wages, but let us increase taxes" and nobody benefits from the increase. This Government is not prepared to follow that policy. Government expects that, as we are all responsible Barbadians, no war will be carried on between the people and their elected representatives whether via the media of workers' organisations or employers' organisations.

We are not intending to pursue any spiteful means of wage restraint. Still less are we intending to pursue a policy of devaluation to negative the effect of wage increases. This has had to be done in Britain, it has had to be done over great parts of the world, but ours is a small, cohesive, homogenous society where the necessities of Government are well understood, and where no class of society sets itself against all the other classes in that society. In these circumstances, I believe that there is no need for these budgetary measures of controlling wage increases that a country cannot afford.

I do not believe indeed that devaluation will possibly have any effect in Barbados other than increasing the cost of living, because our manufacturing industry, which has now overtaken sugar and is approaching tourism, as an earner of foreign exchange – I think I saw these figures in one of the Central Bank's reports – depends on imported components when it manufacturers for export, and so devaluation will be as harmful to our manufacturers as it will be to the mass of our wage and income earners, and we are not pursuing that as a policy. Other countries have pursued it, other countries faced with Unions which will not understand the social imperatives and their Governments have indifferently thrown up their hands and said 20% increase, 20% devaluation, and everybody is where they were before, except that they have probably lost international respect because they compromised by taking that particular step.

So, general increases of taxation to tax away wage increases and the devaluations of Government have been ruled utterly and entirely out of the spirit in which we are pursuing policies of peace and love, concord and harmony, and free collective bargaining with the workers' representatives; where we are the people's representatives, they are the workers' representatives. We are pursuing policies of man to man collective bargaining within the restraint period to achieve what is called in some other countries the social contract that will allow Barbados to progress and proceed without destroying itself or severly damage itself by the force generated in internal economic warefare.
1.25 p.m.

Now, I do not want to discuss in any depth what has been put to the various unions; but I will just pick out one or two of the things that were said in the newspapers about the policy of a wages restraint. I think that Mr. Frank Alleyne's article in the nation that covered two pages – the teeth of the argument, which was in the last sentence, was that wages restraint should be operated only within a general policy of income redistribution.

We accept fully that there should be a policy of income redistribution and that is exactly what we are aiming at. We agree that there should be that element of income redistribution, just as I agree with the enlightened and sensible editorial in today's Advocate newspaper and the earlier articles in the Nation newspaper. We accept fully that there are persons operating below certain wage levels and who should be allowed to bargain for higher wages than they are getting. We accept that there should be a floor level; and I am prepared to argue what the floor should be. We accept this, and our views have been made known to the unions. We fully accept that there must be an element of redistribution.

Part of this will be evident in our approach to the question of Corporation Tax and by the imposing of a break-off point of $40,000 a year above which employers must pay their staff out of profit and not partly out of the Inland Revenue. These may not be the only redistribution measures that will be introduced in relation to the wage package. We accept the need for these measures.

We also accept the fact that there may be industries which may be in a special position – industries which perhaps do not contribute to inflation because they do not contribute to the home market. We also think that there are industries where if there were wage restraints it would create greater profits to employers because with technological advances or because of increased demands, greater productivity is being achieved without layoffs of workers.

Let it not be forgotten that the Government is deeply concerned over the question of the welfare of workers. We hope that people will appreciate the spirit in which this policy of wage restraint is being brought forward, and that early in the new year we will get the social harmony that is an inspiring factor. I hope that that will be generally accepted on both sides. I think that everyone will know that a 5 percent wage restraint is nothing new. It was the Government's guideline back in April. It was the basis on which the public was being asked to understand what was involved in wage restraint.

The legislation has not yet been passed, and the unions' agreement has not yet been secured. I would like to tell those at the top that the Government will not be agreeing to any guideline by which incomes at the top will be increased. For those in the middle the Government will ensure that they do not get worse off during 1978; that the Government's policies will allow them to enjoy their present standards with perhaps a little bit of extra butter on the bread.

Those at the bottom can rest assured that the process of collective bargaining with employers will not be interrupted or interfered with by the Government. As evidence of the Government's intention on this matter, I will point to the recent issue of the Shop Assistants Order which gives more than 5 per cent, because the Wages Council has recognised that a maximum of $48.00 was not an adequate wage and have laid down a wage that will range between $54 and $65 a week.

Again, Mr. Speaker, I want to say that beginning from January, 1978, the Government plans to raise the minimum retirement pension under the National Assistance Scheme. *(Cheers).* It is at present $16 a week, and it is to be raised to a figure which is shortly to be approved by the National Insurance Board; so I do not intend to reveal the proposed amount at the present time.

At the same time, a review is being undertaken of the means test qualifications of old age pensioners, and the Government is expecting the report in the next few months, a report on whether the present means test is the best way for determining the eligibility of persons for old age pension. It is not just an exercise in saying whether the means test should be $15, $12 or $9. It is an exercise which can only determine what form the means test should take when it is known how many people there are over the age of 65 so that projections for the future can be meaningfully concluded.
1.35 p.m.

I would like by the time of the budget to be able to announce what the new provisions will be, but I can't guarantee it, Mr. Speaker, in the four or five months

remaining before the next budget. I would say to the old age pensioners and their many champions – I regret the hon. member for St. James is not in the House today; he still finds walking difficult and has not got accustomed to his crutches as yet, but I hope he will soon be out – I regret he is not here because I know he will welcome any increase for the old age pensioners for whom he has spent so much energy over the last ten years struggling and will be glad that they are going to get a better break in one small regard.

One particular matter that will also be referred to the review relates to one of the last vestiges of discrimination against married persons or indeed in this case I believe to any persons of the opposite sex who live together, namely the rule that husband and wife old age pensioners cannot draw two pensions. This is an additional matter which is going to be referred to the review and on which I think I can fairly confidently say that we hope to put an end to by finding some formula by which all old age pensioners living together or in association with each other will be allowed a family income rather than have the severe cut off rule which allows them only the income of a single person. But as I say, that will come as part of a package, part of our general social service analysis in due course.

Now I want to say something, Sir, about the employment levy which is closely related to one of the principles and one of the provisions enunciated in the current Bill now before the House. In my Budgetary Proposals in April this year I announced that, as part of the restructuring of the tax system, corporation tax would with effect from this income year 1977 be levied at the rate of 45%. This represents an increase in the rate of company tax which had previously been 40% and it was made necessary in order partly to offset the loss of revenue previously derived from trade tax which has now been abolished. I pointed out at the time that the rate of 45% did represent an effective reduction in the then existing overall corporate tax rate including trade tax. I know there has since been a lot of talk as to how I could reduce tax on companies, as if this was a sudden discovery sprung from the skies in a flash of lightning. What the latter-day Sauls did not appreciate was that this was something which I fully recognised in the Budget Speech, and in that Speech I indicated that I proposed to institute an employment levy on corporations, which, unless they took advantage of the ameliorating provisions, would increase the effective corporate tax bite, and this is still the policy of the Government. The employment levy, when it comes about, will be added to the taxes which corporations pay.

Since April the structure and form of employment levy has been the subject of intensive study by the officials of my Ministry, the Ministry of Finance and Planning, of the Barbados Institute of Management and Productivity which was contracted by Government to assist in the exercise. I am not at present in a position to give details of the levy, but I can say that it is structured to embrace a three year programme to reduce unemployment in Barbados to minimum levels. Specific targets will be set; they are the targets which are set for the purpose of arriving at rate formulas and other matters, and I am not going to publish them at the present time; but these targets will be set to organise a progressive reduction of unemployment in the years 1978, 1979 and 1980. The levy will be imposed with effect from the income tax year 1978 on corporations, and as long as the target for employment creation is met, the tax will apply only until the tax year of 1980. So it will be a three year tax with a specific purpose of reducing unemployment, and if that purpose is achieved the corporations will no longer have to bear the burden of the tax after 1980.

I need hardly point out, Mr. Speaker, that the tax will form part of that transfer of income and redistribution of income about which the economic commentators spoke, and about which I said the Government is fully aware and fully accepts as one of the criteria of a wage restraint policy. These annual targets for employment creation will be set on the basis of analysis of the economic situation, and those businesses which increase their employment by the agreed percentage that will annually be published will be refunded the entire employment levy, with the result that their effective rate of corporation tax will be 45% or whatever is the base rate that has been set for the year in question. In other words, a business will have to pay in the taxes to the Government. (I am not going into the details; they are all waiting to be legislated and I hope the Attorney General's office is working hard on them.) At the end of the year the employment records will be examined. Those firms which do not increase employment at all will bear the full brunt of the levy and their tax burden will be higher than it has ever been on any corporation in Barbados. Those firms that increase any part of the whole percentage will be refunded in part. Those firms that increase to the full percentage set by Government will be refunded the entire levy.

Now the Government is aware that there are many factors which determine the decision of a firm to employ additional labour and that there are a number of areas where assistance can be given to businesses to encourage them to expand their employment levels other than areas of taxation. Consequently, and on the assumption that not all firms will be able to meet the targets and so achieve 100% refund of levy, the Government proposes that some of the revenue from the levy should be used in areas where there is a demonstrated need for assistance. It is proposed, therefore, that some part of the levy be made available to assist with industrial and management training, and I may say that existing training schemes will

be encouraged and that at all stages we intend to consult with the workers' representatives on suitable means and suitable areas for the industrial training which is envisaged and with employers' representatives on the areas of management training.
1.45 p.m.

Assistance will also be provided for export promotion and training in export promotion which is a short term programme now being carried forward by the Ministry of Caribbean Affairs. So the unemployment levy has to be seen as part of a short term programme for expanding job opportunities in Barbados, and the Government is approaching this problem in a positive way by providing direct financial assistance in areas of export promotion which are vital in determination of the level of output and to the possibility of increasing gainful employment.

I have dealt with the short term aspect, but I really don't intend to say that we should not have a long term aspect. The reason for stressing the short term aspect is that we have a specific programme for reducing unemployment in the short term; we are trying to reduce unemployment at many levels in the short term. But during that time we are hoping that the restructuring of the economy and of Government finances will have taken effect and that we will be able to go forward into the 1980's with an economy as buoyant as in the middle and early 1960's.

Mr. Chairman, I dealt with the general situation to which this Bill applies. I am not going into details of the Bill, but I would just run through the Bill very briefly. The Bill starts with the title, and the next section deals with Corporations and insurance companies; this is Clause 2 of the Bill. The next section of the Bill ties in a number of matters and deals with the general power of the Government to give tax credit – not tax exemption. The Minister of Finance has no power to exempt anybody from income tax other than by legislation. In the section are one or two matters relating to specific situations in Barbados such as trusts. Clause 4 indicates that Government thinks that $40,000 is the maximum that a business should reasonably pay an employee as an emolument to be regarded as a business expense; so that this Clause reaches at persons with salaries going up to over $100,000 a year. I ran across one recently with a salary of $115,000 a year, and the only qualifications I found related to war time service. This person had a technical qualification in respect of service with one of Her Majesty's armed forces, but his employer finds it essential to pay him over $115,000 a year. I do not grudge any man a salary, but on behalf of the Revenue Department his employer will have to carry a larger burden. That is the purpose of the $40,000 limit in the Clause.

There are one or two changes in the next Clause, that is Clause 5, to improve the allowances for certain taxpayers. These are the educational allowances which were announced in the Budget.

Clause 6 increases the top rate of income tax, while Clause 7 increases the basic rate of corporation tax. Clause 8, another of the Budgetary Proposals, deals with tax on interest. Clause 9 was necessary for clarification purposes, and Clause 10 deals with amendments relating to renumbering of Sections of the Bill.

Now, Sir, I have dealt with financial matters on which public comment has been rampant in the last few days. I want to deal finally with one matter which has arisen in the House today. I mention this in connection with the wages restraint policy and the Questions asked by the Leader of the Opposition under Notices of Questions. It is our intent to answer these questions if we reach Question Time today, but I would like to indicate now, in the light of public comment, that the Government is indeed actively considering the Report of the Commission appointed to review salaries of members of Parliament. Our salaries were set in 1973 at a time when there were fewer than a thousand people in Barbados earning more than $16,000 a year. I think the figure was 1,037; there are now approximately 2,400 persons earning that salary. Our salaries at that time were related to the salaries of public officers, i.e. Permanent Secretaries. Since that time public officers have had three increases but Ministers have had none. At that time the highest salary paid was to the Governor General; the next highest salary was paid to the Prime Minister. Since that time they were two persons paid from Government funds with basic salaries in excess of that of the Governor General. There are two persons, I believe, paid from Government funds with actual salaries in excess of those of the Prime Minister and Ministers in general.
1.55 p.m.

The Ministers in particular have really to be relegated to the ranks of boys in the yard, in so far as their basic salaries are less than those of Permanent Secretaries, and Permanent Secretaries' allowances have crept up and crept up until they are not really far away from those of Ministers.

I do not think, Mr. Speaker, that any member of the House for one second would suggest that an M.P. should not get a higher travelling allowance than a Permanent Secretary. The most tired member, who is thinking about retiring from the House, I believe, still goes to see what is going on in his constituency. The hon. member for St. Lucy lives some distance away from his constituency. The hon. member for Christ Church East and the hon. member for St. Andrew live at even greater distances from their constituencies, and they have to do a lot of

travelling. I cannot understand the mentality of members, or the public, who say that we should not get some kind of tax-free allowance!

Sir, we have persons, in quasi-Government employment drawing handsome allowances to travel to New Zealand, and sometimes you will see a Government Officer with his whole family travelling all over the world. I cannot understand what kind of warfare is being carried out by people who would want, say, to grudge the hon. member for St. Lucy of any portion of his duty allowance, or travelling allowance, when he has to travel about forty miles to visit his constituency. I do not know of any Permanent Secretary who has to do all of that travelling. I do not know of any Permanent Secretary, who travels on a fixed travelling allowance, who has to do as much travelling as the Minister of Communications and Works or the hon. member for St. Lucy. Ministers have to travel in their own motor cars to sites which have to be visited all over the country and so on.

I said that I was going to make a strange speech, and I am making a strange speech because at the end of it the results may not be what my fulminations indicate. There is a good case for increasing Ministerial salaries. There is no doubt about this. The salaries of Permanent Secretaries are not quite so ungenerous as the Ministerial salaries. Permanent Secretaries were on a generous scale in 1973, which was over the scale of the Ministers.

Hon. F. G. SMITH: What was it then?

Rt. Hon. J. M. G. M. ADAMS: Hon. members should read what they said in 1973. We all know the views of the hon. member for St. John. He always used to be out of the Island when certain matters were being discussed, and on his return he would say that he would not have agreed with the increase if he were present, or words to that effect. Is he now blaming the civil servants for not doing what the Cabinet wanted them to do? Anyway, all of these documents will be made available and they can be used in whatever form the House decides to use them.

Mr. Speaker, what I have said answers the first question asked by the Leader of the Opposition. His second question relates to pensions. The House should also note that a Commission has reported on pensions paid to Parliamentarians. With regard to question No. 3, the Commission also made recommendations of a less generous sort, bearing certain things in mind. *(Asides.)* I have no doubt that our voices will, again, be heard on this matter. I have mentioned all of this to indicate the indisputable case for increasing Ministerial salaries. The Permanent Secretaries have had several increases over the past five years whereas Parliamentarians have had no increase. When you look at the top salaries paid in commercial business you will find that they have gone far beyond that of the Prime Minister's salary.

Mr. Speaker, we have to make a sacrifice. It is a fact that the Government is inviting the workers in Barbados to accept a policy of wage restraint. I am going to announce here and now that the salaries of Parliamentarians will not rise during the immediate period of wage restraint. As an example to the country, as an example to the public, as Minister of Finance, I am stating that I am not prepared to make more money available at this time despite the incontestable case which Ministers have for a wage increase. I believe it is a sacrifice that we must and will make to show to the public that we are politically serious in this matter.

Mr. Speaker, I am not going to wait on the General Secretary of the Barbados Workers Union or anybody else, the employers or anybody else, to make the sacrifice. We will make the sacrifice ourselves. Those at the top must set the example in this regard. I may mention in passing that among the restraints we intend to impose will be restraints on professional earnings. We know that some doctors, lawyers and engineers are making fantastic earnings. We intend to impose a restraint of our own at the top as well as at the bottom. Legislation is now being examined to give effect to this matter, but we feel that the least we can do is to show that we are making some sacrifice of our own.
2.05 p.m.

Mr. Speaker, I really think hon. members can hardly ask me to go any further into the general financial position of the Government or into the details of wage restraint or employment, so I at this stage will move this Bill be now read a second time.

Hon. H. B. St. JOHN: I beg to second that, and reserve my right to speak.

SUSPENSION OF SITTING

Hon. H. B. St. JOHN: At this stage, Mr. Speaker, I beg to move that the sitting be suspended for one hour. The reason for the long adjournment is to allow the other side the opportunity to have any consultation they need to have on the document which was circulated this morning.

Hon. H. deB. FORDE: I beg to second that.

The question that the sitting be suspended till 3.07 p.m. today was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the sitting accordingly.
2.07 p.m.

On Resumption

Mr. SPEAKER: This sitting is now resumed.

Mr. TAITT: Mr. Speaker, just for my own edification, I take it that we are continuing Government Business at this point.

Mr. SPEAKER: The Bill has been moved and seconded.

Mr. TAITT: Mr. Speaker, on the assumption that the Prime Minister and Minister of Finance's motion was seconded, I rise to say a very few words in response to what for us on this side was a very revealing exercise on the part of the Prime Minister and Minister of Finance.

The Minister of Finance did do today what he does extremely well, he has put the Press of this country in a dilemma, for having listened to him for two hours they are bound to find themselves in a position where they must give him proportionate space in the newspapers and the media generally, because when you break down what he had to say into small parcels we find that two things happened. One, he did not say anything new, and two, he took as long as he usually does to say it. He did something else. He started to do what some may call damn us on this side with praise, and if one is not accustomed to his manner of approach to these matters, one might have been led into a false sense of security, a feeling that at last the Prime Minister and Minister of Finance was prepared to tell the people of Barbados what he and his Government found on assumption of office. As a matter of fact, at one point during his presentation I had to look again to make sure that even though I am accustomed to his voice, and I think I know it by now, that it was he who was speaking.

You see, Sir, the Prime Minister and Minister of Finance indicated that he had found a high level of social services in this country, although he attempted, and I think with some justification, to put the foundation of this some twenty years hence. I think that he must recognise in his presentation that the vast amount of input for the high level of social services in this country came about because of the commitment, because of the interest and because of the skills of those persons, and indeed the hard work of those persons whose responsibility it was for the 15 years prior to September 2 to prosecute the welfare of this country on behalf of the people of this country.

One of the phrases which stuck in my mind, Mr. Speaker, was a phrase which I believe he made after some preamble that "a point at which we cry halt," and I was not certain if he was saying that we have reached a stage in this country where we have to reduce the quality and/or quantity of the social services which the people of Barbados have, but one thing I am certain about, in his way he has admitted that the economy of this country is in trouble, and the Bill which comes before us is a clear indication, or perhaps not so clear, as to the nature of the extent of the trouble which this economy finds itself in. I use the term "finds itself" because that is the phrase that he used, and I wish to say this, that in the same way that the Prime Minister and Minister of Finance is suggesting that the inflation which we are suffering now, if any, is local inflation, and that the bogey of its being imported can no longer be the wall behind which the managers of the economy will hide, that no longer is it possible for them to hide behind the nonsense that was voiced abroad from time to time that (a) the economy was mismanaged, (b) they found no money in the Treasury and all the phrases which all of us have become accustomed to hearing.

Mr. Speaker, when you look at the structure of this country in terms of the distribution of incomes in this country, it has been our contention – it certainly is my contention – that a redistribution of incomes in this country must be the first, must be the primary thrust of any conscientious Government in Barbados, the redistribution of the incomes in this country must be done in such a manner that those persons who participate in the economy can feel, especially those at the bottom, that it is worth their while to aspire toward a decent standard of living, and those at the top can understand, perhaps finally, that the people in Barbados can only live in the kind of harmony which the Prime Minister spoke about, perhaps gratuitously, when everybody in this country is assured of a reasonable standard of living, and everybody is assured of an opportunity to work.

I do not believe, Sir, that it is necessary for anyone to lecture to the hon. members of this House on various economic theories and various economic systems which have been tried by various Governments in various parts of the world, but it is clear that the present Government of Barbados is getting advice from outside of Barbados, as well as some from inside. It is clear to me and I would like first of all to caution the Government that not all those persons who come from economies that are different from this economy are in a position to advise effectively on the best ways of ensuring a reasonably high quality of life for the people of Barbados. I am sure, Mr. Speaker, that you are familiar with the attempts made after the great economist, Lord Keynes, suggested a new theory back in the 1930s for dealing with employment and the growth of an economy, and for many years this has been the general policy followed by a number of countries living in the western society.

Subsequent to that there was an economist in Great Britain – I believe it was A. W. Phillips who put forward the theory that the Keynesian approach to problem solving and economic development was not likely to produce the results which were possible in the 1930s after there had been widespread depression, and since then in the United States and other places there has been a

further improvement on the Phillipsian theories which suggest that unemployment and employment bear very special relationships to inflation.
3.15 p.m.

Now, Sir, to make the statement as has been made before that wage increases in this country have contributed to inflation, if taken by itself, does not shed any light on the present dilemma in which the country finds itself; because for those persons who are not familiarly engaged in the economic jargon, people who have every reason to believe that this is what was indicated – that the vast majority of people who earn wages in this country were deliberately contributing to inflation in this country.

Barbados has an importing agency. Barbados imports more than 70 per cent of what is used in this country. It remains a fact that what is imported does not come in a box labelled "inflation" on it. Take for example the export industry of Barbados. It does not call for any genius to see that 90 per cent of the materials we use for manufacturing are from outside of this country. We import many of our materials from the U.S. and when the items arrive in this country they already have in them a measure of inflation, whether it is 11 per cent or 2 per cent.

It is therefore important, Mr. Speaker, that if you are going to talk about a wages and incomes policy, you must at the same time talk about a price policy; and I do not believe that the Hon. Prime Minister and Minister of Finance would say what he would do about the merchants as regards a prices policy. One of the things which the Government is going to have to do if it is going to the people and call for unity harmony over wage control, is to tell them at the same time what is its real policy on prices because I think that the Prime Minister will admit that when he first made the statement about the 5% wage restraint he left something unsaid.

I must say that I am pleased to hear that the measure will be applied only to those persons who earn $30,000 a year or more. I can only speak of those things that I have seen, heard and read. Mr. Speaker, in Barbados ever since 1973 when there was a world wide inflationary problem because of the oil crisis, prices in this country rose to phenomenal levels at phenomenal rates, and the Government of the day spent perhaps an inordinately long time to battle with the root causes of these price increases that came upon the Island.

At that time, what did we hear from the people who then sat on that side? We heard them trying to make political hay out of a factor that was entirely outside of the control of the Barbados Government. Now that they have gone into Government, they have discovered in truth and in fact that it is more difficult to run a private or public business than to talk about it. You can run your mouth at any time; but when it comes to running a business you have to put in some serious effort. They said that the increase should be at least 80 per cent. Now they are asking us to join in this call of the people of Barbados to operate within the ambit of 5 per cent. It was reckless and irresponsible on the part of the members of the Barbados Labour Party to offer that kind of hope and anticipation to the people of Barbados at the time. What does the Government do after taking the reins of office? Instead of looking at the situation, assessing the situation and making decisions and operating on a basis which was non-political, they came in and said to the people we are here now. The Prime Minister is coming now and asking for a surcharge of 5 per cent. If you look at the Bill you will see that this surcharge is for 1977–78. That 5 per cent will remain in the mind of anyone who lives in this country.

I say that the abolition of the sales tax and the manner in which it was removed was ill devised. It did not show that the persons responsible were possessed of the economic good sense that they boast that they have.
3.25 p.m.

Mr. Speaker, the Prime Minister talked about 421 persons or thereabouts who earn $21 million in this country, and to show what a concerned person he is or his Government is for making sure that the people at the top look after the people at the bottom, he is going to add another 5 percent on to the level of the tax remuneration for their tax payment, so they will move from 65% to 70%, and he puts a ceiling of I believe $30,000 if you are earning $40,000. Would that the Prime Minister and Minister of Finance had come to this House and said to us that all those persons in Bridgetown who work in so-called private industry, who have a number of little loopholes through insurance, through other little schemes, through mortgages whereby their incomes are swollen beyond the $21 million that has been reported....would that he could come here and give us chapter and verse of what this Government proposes to do to ensure that they raise the money they need other than through the assessments which descend upon us, because of the length of the Prime Minister's intervention, and give us the impression that a great deal has been done.

I read somewhere in one of the papers that this was merely an implementation of a budgetary exercise. I believe that the Prime Minister said some things in that Budgetary Statement which in the short six months since then he rues that he said them, and I am sure before the next Budget we are going to hear these words turned around. He said that he is going to

produce a structure and form for the employment levy, that it has been the subject of intensive study by his officials. The fact is that neither the Prime Minister nor the Government nor the officials can understand what in heavens they mean by employment levy. They do now know how to work it. They have spent a long time trying to get it straightened out precisely because when you read the words he had to say in the Budget Speech, anyone who had been remotely involved with that kind of exercise would know that he was creating an almost impossible situation.

Mr. Speaker, anyone who is running a business can tell you that if he or she is running a business efficiently and is getting proper returns on that business that he or she will not employ people merely to get a tax credit, a tax credit that will come hence. Now I see it is being thought of and spoken of in terms of three years hence just like the unemployment problem which he is going to solve in 1979 and 1980. Mr. Speaker, we are politicians, perhaps not you now, Sir, but we well know that 1979, 1980 and 1981 are the years when the goodies are supposed to descend on the people to put them in the right frame of mind to make the right decision. I do not know if the people of Barbados are going to be taken in by that kind of rhetoric. I do not know how they will respond. In fact, I am very certain how they will respond when they do that which they have to do; but I do not wish to get into that kind of discussion at this point in time. He says that unemployment is an urgent problem and that short term measures have to be taken. What single short term measure has the Minister of Finance or the Government put to us that is recognisable as a specific measure taken to do something about the awful unemployment problem. Mr. Speaker, the only thing I have heard the Prime Minister and Minister of Finance say about short term measures before today is that it was something he did not believe in. He had said it so often that I had begun to associate him with it.

Hon. H. deB. FORDE: On a point of order, the hon. member is misrepresenting what the Prime Minister has said. He said he did not believe in crash programme, not anything to do with short term measures. The hon. member may convince himself but he must remember that there are other members who were listening.

Mr. TAITT: Mr. Speaker, that technique is well known where the Attorney General gets up and tries to put me offstride, but the Attorney General himself must know that the Prime Minister has given the permission in this country time and time again that he does not believe in short term measures; but for what it is worth, let us leave that for the time being. I know when it begins to get under them because they start jumping up.

Mr. Speaker, I do not know whether the Prime Minister fully understood what he said when he agreed finally that in this country there is a widespread system of subsidies in housing. I would like him to confirm that it is not his intention to cry "halt" to that, because subsidised housing is only part of the philosophical belief which any Government of Barbados in the Seventies should have about the people in this country and the kind and quality of life they should enjoy. I would like to know if in fact he intends to cry "halt" to the system of welfare for old age people and I want to congratulate him on the suggestion that we have been preaching from political platforms in this country that something has to be done about the current situation with regard to old age pensions. You see, Mr. Speaker, it is one thing to have a law, a rule or a regulation, but how you apply that law, that rule or that regulation is something more important than what the rule or law or regulation says.

Anyone who is unsuspecting would hear that there is now a Committee or a group examining how the old age pensioners are going to be dealt with, and they are going to have a family income, but if you examine the matter in the manner in which that same regulation was applied in the past, you will find that although the regulation said the norm was $15, there were large numbers of persons who although they qualified for the $15 found themselves in circumstances which the Government knew could not give them a half-way decent living if they were allowed to have their pensions. It was always recognised that a pension is not an income. A pension is an assistance to those persons who find themselves in such circumstances and the manner in which it has been applied in this country, even though this Government said it had reduced the age to 65 years, has brought untold difficulties to a number of families, and I am very glad to hear that they are now going to be taking another look at it. I think we can take credit for having in the last few months forced them to reconsider their position.

Mr. Speaker, on the question of a Commission on Parliamentary salaries, I wish to make it clear. I saw in the newspapers somewhere that members on all sides were in agreement with something or the other. As you very well know, Mr. Speaker, no report has been laid in this House. I have never seen a report. As a matter of fact the last time I heard anything about the report was when on the day the newspaper had revealed that a Commission had been set up to look into Parliamentary salaries, the Prime Minister took the opportunity to vent his feelings on some members of the press, and since then I have heard and I have seen in the Nation newspapers, I believe, some mention of it. I wish to make it clear, Mr. Speaker, that I have no view on any report which has been put out by any group, because I have never seen it, do not know what it says and as of

now I will not report because I do not know what is stated in the report, and any attempt on the part of the Prime Minister or any member on that side to coax the Opposition into their schemes must be done with at least some fore-knowledge by the Opposition.
3.35 p.m.

We have to have some idea of what they are talking about; they cannot continue to give the people of Barbados the impression that there is some agreement between them and us to do anything which has not been brought above board. We hope to see the report and to know what they are talking about. I notice that when the Prime Minister is talking about who will get and who will not, no members on this side took the opportunity to thump the table. So far as salaries are concerned, when I was a Minister I heard very clearly that Ministers would not have any increase for two years and that was the end of that. And I am not going to stand here, Mr. Speaker, and argue for or against. I believe the Minister of Finance has put a good case for his Ministers; he has said what he had to say and did so for reasons that are clear. He says there is a case for an increase of allowances for Ministers but he is not giving them any at the present time. This is not a big tactic but it should be recognized as one, and I do not want to be a part of that tactic. Their public relations work well, but you cannot run a Government on public relations.

Mr. Speaker, this question of who gets a lot of money and who does not is nothing new. This is not the first time we have heard of people getting a lot of money. It is well known in this country that there are a lot of professional people and people with businesses who earn $150,000 or $200,000 a year. I do not think the Government does itself any credit by pointing out that some people are getting this amount. What we want to find out is exactly what the Government is doing to assist those persons not getting any money at all and those persons getting less than $70 a week. How can he come in here today and tell us he did not mean the 30,000 people who pay tax. The only person who did not believe that is the Prime Minister himself. He says he did not mean them, they are to negotiate. I wonder if the others are not to negotiate.

We are going to hear that when the last Government was in power the then Minister of Finance imposed a settlement. I hope that when that is said it will be recalled it was not the first settlement for which an imposition was claimed, for I remember that recently there was a 10% settlement and I heard the Minister of Finance had helped to impose that. But, Mr. Speaker, he has been talking about 5% even before this, and I believe he is talking so that when people get a settlement of 10% they will feel they have done extremely well and that to argue for 15% or 20% and get 10% when the Prime Minister said 5% is very good. But to a person getting $70 a week, 5% means nothing; but 5% of $70,000 a year is a substantial amount. So you are not doing people in the $30,000 bracket anything by a 5% ceiling; all 5% will do is to put them in a higher tax bracket. Members of the other side should get accustomed to the idea that the most they will get from an increase in salary is an increase in abuse, for the Income Tax Commission would take more than he is now taking.

Mr. Chairman, I am not going to spend a lot of time going into details of this, but I want to say this; I had hoped that an opportunity would have been taken to look at the system of paying taxes in Barbados. I feel that the form currently in use for husbands and wives discriminates against women; there is no way a woman can report her income without her husband knowing her business. At a time when there is so much talk about the rights of women, there should not be a legal requirement which makes the wife have to tell her husband all her business. I am not talking about how much she earns. If you examine the form, you will see there is a section which puts a burden on a woman. If someone dies in North America and the wife did not feel to tell her husband she is forced to do so. The form requires changes and improvement. I believe Barbados is the only country with that requirement, for even when a woman opts to report separately, there is certain information to be submitted by the husband when filing.

Mr. Speaker, on the question of the imposition of the 5% additional surcharge as stated at page 8 of the Bill: "A company shall, in respect of the income year 1977, pay to the Commissioner a surcharge equal to 5% of taxable profits payable by that company in that income year:" – I am satisfied that this is a requirement brought about by the failure of the Government initially to appreciate that they would have required much more finance than they thought they would when they pushed through the repeal of the sales tax and gave the business community a hiatus as it were. But one thing was missing – the question of stimulating the business community. I believe that if this country is to get moving to the current world situation, exports must be the answer. That is one point on which both parties seem to agree. I don't think anybody could accuse this party of not pushing that as concept during its regime. But I believe that something specific ought to be done to those persons in the small business sector who are trying to improve their position, and something specific ought to be done as regards the amount of taxes they have to pay.
3.45 p.m.

This, as it stands now, applies equally to DaCosta and Musson as well as the President of the Small

Business Association. I believe that the small businessman in Barbados merits a relatively small return, and if he has to pay a 5% surcharge at this point of time that is going to dampen his enthusiasm because capital is extremely difficult to get hold of in this country. With the mounting amalgamation of the financial institutions and with the Government's removal of its holdings from other Banks in Bridgetown, these Banks are going to, necessarily, make it difficult for the non-established business house in Bridgetown to raise capital. You can expect interest rates to go up, unless the Central Bank imposes, or the Minister of Finance imposes, a ceiling by law, something which I do not believe would be in the interest of the country. If you impose something by law, the lawyers and wise men will get around it. The business people will tell you always that the lawyers will find ways and means to help them out of any difficulty.

I would have thought that, in a matter like this, the Minister of Finance would have found it desirable to ease those persons in the small business category because they are under intense pressure as most people in the small business category are. Most of the business people in the small category are under intense pressure in this country.

The Prime Minister made statements about productivity and output in this country, but I feel that he will have to clarify his statements. It is a widespread boast in this country that the Barbadian worker is lazy and has not been producing. I think it is grossly unfair for the Government or anyone else in this country to put such a burden fully, fairly and squarely on the shoulders of the worker. It is a well known and accepted fact that management will have to be involved in a matter of this nature. I say that management must be involved more than 50%. I have not heard the Prime Minister calling on the management people in this country to try to perform better and to do more. Of course, he will recognise that some of them cannot do more because of their limited capacity, or limited experience in this business of management; therefore, he may have come to the conclusion that it would be a waste of time calling on them to do more. I do not know.

Sir, suffice it to say that the call have been made to the worker to produce more. They have called on the people working in the Sanitation Department to do something about the removal of garbage, and they refer to the people as being lazy. Sir, you and I know and everybody else in here know that that is not true. The workers in this country, when they go to other countries, demonstrate that they can produce just as fast as their counterparts who are engaged in industrial work. Therefore, to talk about productivity you must include all of the factors connected with productivity before you seek to cast an unfair burden on the shoulders of our workers. Furthermore, there is more to productivity in Barbados than merely talking about it.

Sir, raw materials have to be brought into this country in order that manufacturers may be able to produce certain articles. If they are going to export these articles, then there must be some piece of legislation to deal with drawbacks and so on, and I agree with that. I agree that the Government should try to assist the small entrepreneur wherever possible. We know that they have to work within their financial capability, so we have to give consideration to all of these factors.

Sir, the Minister of Industry, the hon. member for Christ Church East, can confirm that there is a company in Barbados known as Playtex where production is higher in Barbados than in several of their branches around the world. It shows that Barbadians are capable of producing at a high level. It may be found in some companies under foreign management here produce at a higher rate than the companies managed locally and so on. The small local companies will need help; therefore, what this country needs more than anything else now is a large input of middle management and upper management skills. That is one of the areas where the Government, if it is going to talk about a Wages and Incomes Policy, if it is going to talk about inflation brought about by local pressures then these are areas where the Government has to take corrective measures. These are areas where one would expect the Government made up, as it says, of these — I might sometimes begin to wonder where they are — geniuses. They ought to be coming with new solutions and not the same statements made over and over again in a different way. That is what we were subject to today. Two hours of the Prime Minister announcing statements which he had announced before, calling for things which he had called for before, and saying in the final analysis nothing new, except that he has discovered that you have to put some kind of tax on the corporations in the country to assist with providing the welfare services in this country.

Finally, Mr. Speaker, the profits. I did not hear him mention once in his statement the profits which are made by the people in this country. What measures will he be taking? The Corporation Tax is Corporation Tax. That is what is reported. When we hear of these people in this country who are putting on fantastic mark-ups on items, we have to give serious consideration to the matter. He talks about price control. He did not even mention the term. He said that when they had discovered, as they did, that sweet potatoes had gone up to 75 cents they took the measures necessary to reduce the price. That may be a fact, Sir, but it takes and it took a long time to investigate, find out, and take the necessary

steps. When they took steps, look what they took steps against? An item that is produced in Barbados.

Mr. Speaker, if they have not discovered it, they are going to discover that the only area in which there is anything remotely akin to competition is in the area where the product is produced in Barbados. Fish, sweet potatoes, onions and things that are produced here you will find some competition, but in the vast majority of items imported into this country there is no competition.
3.55 p.m.

There is an agreement to fix prices in this country, very often they do not even have to get together on the prices. John goes up the road, talks to Harry at the club, and they fix the prices, and I recall seeing shirts in this country coming from Mapps where the price was identical throughout the Broad Street area when I had bought from Mapps at some ridiculously low price. I think if the Government is going to get involved in price fixing it must demonstrate much more clearly that those who are responsible for consumer affairs and commerce in the country, and external trade and Caribbean trade have to make sure that they take a much more than special interest in what is going on. You cannot come and tell us in this House that you specifically did something about potatoes some time ago when the housewives in this country who go to the supermarket know that on a daily basis prices are going up, and sometimes on an hourly basis.

I am not going to spend any more time, Mr. Speaker, talking about prices in this country. I say that the Government either does not understand or is deliberately trying to pull a veil over their own eyes.

Dr. CHELTENHAM: Mr. Speaker, I want to say at the very outset that those of us who have some concern for parliamentary democracy must feel extremely saddened as a result of the speech which the hon. member for St. Michael South West has just made.

It was a grand setting in this House today, the Opposition was wearing considerably well, and seriously there was not the usual bad behaviour, the alert citizenry was here in the Gallery of the House in large measure, and the Prime Minister was giving a most important review of the economy, which he has made since the time of the last budget. He spoke intelligently and he spoke in his usually good style, and I thought that the setting was there for the Opposition to make an intelligent and thoughtful response even though, contrary to my evaluation of their competence, I did not think they could do it.

The hon. member who has just sat down, who would like us to consider that he is the successor to the former Minister of Finance out there, the hon. member who would like us to believe that he has been shadowing economic matters and has the competence to speak, on this occasion his performance was extremely disappointing, and that is to put it mildly. What he said had no theme, no content, no coherence, an absolute rambling speech, and on the vital economic issues facing the country today we still do not know where the Opposition stands. Do you want devaluation? If you want devaluation, say so. In my respectful submission, if you do that in this country prices would be running after costs continually. If you think that inflation of the economy will provide the partial solution to the employment problem, say so, but as a result of all that you have said, we do not know whether you support a policy of social restraint, we do not know where you stand on anything at all, and I think quite seriously that this tinkering of serious politics must stop, people must stop playing around with serious politics. If you stand for something, it is time you stand up and let us hear what you stand for.

The Prime Minister's speech was important because it served to clarify a lot of misconceptions that are abroad in the current dialogue on the economy, and it served to restate a lot of principles that are very important at this stage, and we all know the importance of repetition, not only in our own private living pressures, but also in the public arena. There was a stage when I had to repeat three plus three make six, and I had to say it seven times in order to memorise it, and that technique of repetition is part of the learning process is very important. *Repetitio est mater studiorum,* Repetition is the mother of learning, and it is also very important in the public arena that those of us who have responsibility to live in this country have got quite often to repeat standpoints from time to time in order that the population at large can readily appreciate them.

The particular point which is important to be clarified is that this administration did not bring large considerations of social justice to bear on the 5% at the lowest income levels, and I was very glad when the Rt. Hon. Prime Minister re-read a portion of his budget speech to find that he had always adverted to these large considerations of social justice and that the present misconception which is abroad to the effect that he will tax away the increase, which has just been repeated by the hon. member who just sat down, it is very important that that misconception be removed. Certain basic points have got to be made, Mr. Speaker, and one is this, that ever since World War II almost the entire world has been bemused with what has been called a money illusion, the feeling that only if everybody had more money everything would go well, and it took at least a generation for the exporting countries in Western Europe to realise that more money is not the solution to economic problems. Many countries in Western Europe as

a result had to introduce a policy of social restraint, wage restraint, and it has now come home to us in this country that an increase of money invariably leads to an increase of prices.

Sir Stafford Cripps in 1948 made the way in the United Kingdom, the Netherlands, the southern countries of the western world, long decided that what was needed was some sort of machinery whereby peoples of conflicting interests and standpoints would reach some sort of concensus and action on the particular problems of the economy, and many of them resorted to social economic principles.
4.05 p.m.

It was against that background that several months ago I made a speech in this House in which I called for the hasty establishment of the National Economic Council which was talked about by the Barbados Workers' Union as far back as 1961; and the past administration did not seem to get around to embracing the concept; but the criticism I wish to make on this point is that although I congratulate the Government for having established the institution which has the particular goal that I have mentioned, at the same time it seems to me that the number of people on the council is too small and the representation is too narrow. I am not satisfied myself that a large cross section of national interests is represented. It is not only the public sector or workers that I feel should be represented on it, but other interests too; and I think that that would help public relations of the institution, it would certainly help in the negotiations to come with respect to increases in the public sector if there was representation of the National Union of Public Workers on the Council.

It is not only in that regard that I think it is too narrow. I think myself that several other interests in the community need to be represented there. After all, in France over 2,000 people sit on their council. I am not suggesting that we should bring in a number as large as that; but I see no reason why the council should not have at least 18 people sitting on it. I think that it would add to the prospect of arriving at a concensus on the many difficult matters which are now facing this economy. These issues are going to be a challenge to Barbadian nationalism, to the sense of unity and sense of pride of being Barbadian. To whether we are prepared to put national interest above sectional interest. All of these questions will be answered in the years ahead. Now, in my view, it was extremely important that the Government should set the lead – leadership by example in relation to this whole question of wage restraint; and even though there is an unanswerable case for increases to Ministers and indeed to parliamentarians, I was very glad when the Prime Minister announced that this administration would set the example of holding down our incomes.

I hope that it will be appreciated, but there has been nevertheless some five years since there has been an increase for parliamentarians; and many members of this Cabinet are making enormous sacrifices in serving this country. If there is one thing that will not lend itself to a ready acceptance of a policy of restraint, it is the flaunting of consumption on the part of the middle class and the upper class in this country. That is not the sort of soil in which people in the lowest level will readily accept restraint; and I think that the message that must go out from Parliament today is that all classes will have to be prepared to tighten their belts and bear the strain or the restraints, are the ones that should most readily set the example.

It is clear that the Minister of Finance in the last budget attempted to create more jobs in this country through a policy of reflation of the economy; and this was attempted through taking off the vital factors which he saw as a disincentive to production; but it seems to me that although the employment situation was not worsened, given the increases in the work force in the majority of school leavers, there has been no significant betterment of the situation. I believe that the statistics will reveal that. We have not gone back, but we have not gone forward in any dramatic way.

The point that I am making is that this economy is like a patient whose health is in a fragile state and has to regularly visit the doctor for checks; and the doctor has got to be changing the medication, increasing dosages here and reducing them there and so on. I think that there is a case for the introduction of a supplementary budget by the Prime Minister and Minister of Finance, not so much to raise more revenue, but to recast his budgeting strategy in relation to the employment situation. When the Rt. Hon. Prime Minister comes to reply, I trust that he will take the opportunity to say whether there is not some need for revisiting the financial position and the economic position, not so much for the reason of raising the revenue, but for helping the employment situation. One visit a year is in my view, not enough. The health of the economy is far too fragile for that.

I know that it is intended to use some of the revenue created by the employment levy for the purpose of industrial training in this country. I think myself, Mr. Speaker, that this is a very important move because I am now satisfied that one of the constraints on further development in the manufacturing sector in particular is the fact that there are not enough skills of particular types. I am hearing more and more from overseas industrialists that there are not enough people in Barbados with electrical and mechanical skills. I am hearing that there are not enough people in Barbados who have a sufficiently good background of electrical skill to do a crash programme in digital arithmetic, digital algebra and computer logic; and these are important constraints

before the development of the manufacturing sector. But we have got to realise in Barbados that we are moving away from simply assembling products to the manufacturing of products. We are moving into what I would call phase 2 of the manufacturing sector; and more than just the lending of hands in the assembly of products, it is necessary that we have people with a large range of skills in order that Barbados may move forward in the manufacturing sector.

I think that it is necessary and very important that we get some action in this particular area in order to ensure that the skills that are necessary for use in the manufacturing sector in Barbados are readily available.
4.15 p.m.

I have had the signal, Mr. Speaker, that there are others on this side who may wish to make their contribution to this debate and at this point I am going to take my leave and sit, but I just want to repeat the call to the Opposition to let the country know where they stand on the present economic issues of the day. If they think that devaluation is the answer to the problems facing the country, let them say so and let us discuss it knowing where they stand. If they think that reflation even more than has come about is the answer, let them say so, but we are not going to be able to get any intelligent dialogue as far as Government and Opposition are concerned on the issues today unless they state their position clearly for all to know. As far as that is concerned, they have served the country ill by the stand they have taken on this important debate today, and I can only hope that when the others get up to make their contribution on the other side that we will hear far more and far better than we heard from the last speaker.

Mr. GREAVES: Mr. Speaker, I have listened for the last two weeks to a number of statements on the economic situation which is confronting Barbados. You will recall that it was just one week ago that the Deputy Prime Minister referred to the buoyancy of the economy and to what he indicated was to the effect that the economic situation in Barbados was probably in better shape than it ever was for a number of years. Now when we take that particular point and match it with some statements which emanated from the Prime Minister today and also from the hon. member for Christ Church East who has just completed his speech, one would get a completely different impression, because the Prime Minister in his opening remarks made reference to the financial situation in which the Government finds itself and certainly his contribution following that particular statement did not lend credence to the statement by the Deputy Prime Minister which was made only a week ago, and just now the hon. member for Christ Church East referred to the frigidity of the health of the economy and the fact that coming with a budget once a year was not enough. When we take all these factors into consideration, we will see very clearly that there is a high degree of confusion as far as the true nature of the economic situation which exists in Barbados is concerned at the present time, and certainly coming from the Government we had two clear and distinct and different positions being taken.

Now, I would hope, Mr. Speaker, that the Prime Minister is within hearing distance because I want to make a statement which if he is not here at least one of his Ministers will be able to indicate and state it to him, and I want to say very clearly that if the Prime Minister expects a confidence to be respected, then he must not seek to mislead or to give the wrong impressions about discussions which have taken place between himself and the Barbados Workers' Union. I cannot speak for the National Union of Public Workers or any of the other Unions which have met the Prime Minister, and if he has got those unions to agree to his position, then that is a matter for him; but certainly the Prime Minister is aware of the discussions which he held with the Barbados Workers' Union and is well aware of the position of the Barbados Workers' Union on the matters which were discussed. The Barbados Workers' Union gave an undertaking to the Prime Minister about a number of matters and the whole question of whether or not public statements will be made on their discussions, and if the Prime Minister is going to get in here and try to give false impressions about those discussions, I am telling the Prime Minister that he is walking on a very tight rope and he has to be careful because the bubble will burst.

Now this is a very serious situation because the Prime Minister made reference to documents being circulated at the meeting, and I want to say that I was part of the delegation from the Barbados Workers' Union which went to meet the Prime Minister and no document was forthcoming from him. There was not a bit of paper on the table that came from that side, so I do not know if he has circulated documents to the other unions, but not to the Barbados Workers' Union.

Mr. Speaker, a lot has been said about wages, and obviously the Prime Minister took the opportunity to deal with and to enunciate his position on the question of wage restraint in this country. In my view it was a one-sided presentation because for anyone to say that when a union negotiates wage increases it only takes into consideration the increase in the cost of living, then I am saying that that is misleading. I want to make the position very clear that certainly on the question of wage increases there are a number of other factors which are involved, because what has been happening is that the Prime Minister has been in a very subtle way creating the impression in the minds of

people that now for example that the cost of living has come down, then it follows automatically that wage increases must come down. I am saying this does not necessarily follow, and I do not want to go into any argument on that particular point for obvious reasons, but as I say, if the Prime Minister wants the whole thing to come out in the wash, I am quite prepared to bring it out in the wash. I think he has reached the stage of responsibility where he has got to behave in a more responsible manner than one sees him behaving today.

I want to say, Mr. Speaker, that the Prime Minister made a number of statements relative to wage increases, to the question of productivity or production. It is true that he altered the question of productivity to production, but in truth and in fact it boils down to essentially the same thing, just by probably another name, and my colleague the hon. member for St. Michael South West made what I considered to be a very improtant exposition on the question of productivity and how we can stimulate productivity within this economy. There is absolutely no doubt that a lot of the problems which we face in this country on the question of productivity is as a result of the inefficiency which emanates at the management and supervisory level, and to give you a very simple example, I will use the example used by the Hon. Prime Minister in a different way of course from the point which he made. The Hon. Prime Minister made reference to Israel and the fruit juices which come from there, and about discussions he had with the Israeli Ambassador about the fact that fruit juices can reach the Caribbean from Israel cheaper and quicker than we can obtain fruit juices in the Caricom area. To me there are a number of things which come out there, and certainly the fact that fruit juices can reach from Israel to Barbados or to the Caricom region and be sold at a cheaper rate than fruit juices in the area has nothing at all to do with any wage restraint or wage levels existing in Israel.

4.25 p.m.

Workers in Israel are paid higher rates. It demonstrates very clearly that the question of management and efficiency comes into play there and certainly the whole question of the returns which people expect to get from their investment, the profits made, all of which are factors which must be taken into consideration and which we must pay special attention to because there is no doubt that these kinds of situations have a very serious impact on the economic situation, and we have got to look at these matters in as clear a light as possible rather than attempt to white wash the situation and make workers appear that they are attempting to get increases unjustifiably or making it appear to people that they want to get everything for nothing while it is the workers who by their skill, productivity and efforts are making a very important contribution towards what development is taking place in this country. And it is our intention that they be rewarded for such efforts, and no kind of situation should deter anybody from pursuing that particular objection.

Now the Prime Minister has made a number of statements on which he must be taken up. I don't think we can allow them to slip by, because we must examine what he says and see what are the implications. On the question of Wages Council and what he calls an agreement, the fact is that from the first week of December shop assistants who fall under certain wage regulations will earn $64 a week, and the Prime Minister indicated that all parties agreed with this. I want to say that one has got to appreciate the position of the Wages Council. It is composed of representatives of employers, Government and Unions, but representatives from the employers and Government outweigh the representatives from the Union. I don't think this is bringing out any secrets from the Wages Council, but it should be known that the Barbados Workers Union would have liked to see a higher minimum set, but because of the situation in which it finds itself it had to make a compromise; so in our view there is a difference between agreement and compromise; one has to make that point quite clear.

Another matter which the Prime Minister raised – he made a very play about free collective bargaining and indicated that the Government was all for free collective bargaining. But yet the Prime Minister went on to make a statement such as, and I quote, "There are persons at certain wage levels who should be allowed to bargain collectively without interference." In my view the fact that the Prime Minister is signifying specific areas in which free collective bargaining should take place would indicate there would be really no free collective bargaining. He went on to say "for those at the bottom, if it is at all possible, the process of collective bargaining would not be interfered with by the Government". I mention these two statements to point out that if we are talking about free collective bargaining they should not differentiate. This has to be taken in the light in which it is given because if you are going to try to give the impression that it is free collective bargaining but at the same time you are calling for restraints and insisting on restraints and as it were going to use the term where you want a social contract, let me inform the Prime Minister that unions in Great Britain, in spite of the fact that they have a social contract with the Labour Party, they do not regard that contract as bringing into existence free collective bargaining; and if you read statements from the TUC and other unions you will see statements to the effect that they want to see a return to free collective bargaining. I just want to bring to attention that point about free collective bargaining. So if we are going to talk about free collective bargaining, if it is not

really free, say so, so that people will know what is the position. Do not tell us it is free collective bargaining while at the same time attempting to put on controls in a number of areas.

Now as far as industries in this country are concerned, the Prime Minister, and the hon. member for Christ Church East made a number of points relative to this particular area, and it would seem to me that what the Prime Minister said on the question of industries he was making the point that wage restraint in the industrial sector would provide an opportunity for employers to make more profits which they could reinvest or which would prevent them from having to lay off people, or something to that effect.

And I want to make an important point especially in view of what the member for Christ Church East said about the new kind of stage 2 and about the quality of people needed in the industrial parks. I want to say Mr. Speaker, that there is no doubt that there is always need for people of quality in any work force. There is no doubt that the Democratic Labour Party by its efforts and policies have been attempting to ensure that there is the quality of work force required to man our factories. And certainly the Democratic Labour Party was of this view that we have to try to produce a different kind of person in the school system to deal with the modern technological age in which we find ourselves. I think all parties will agree that this is something which must be pursued. But one of the things which is disturbing is the kind of wages which are paid on the industrial estates.

I had the opportunity about three weeks ago to interview a young lady who is working in a factory on one of the industrial estates, and when one talks about exploitation, this is the kind of exploitation one is talking about. I am sure the Deputy Prime Minister who is responsible for industrial development will appreciate this point. This girl has six "O" Levels and works in the factory for $56 a week.
4.35 p.m.

The point is this is where exploitation takes place. If investors are going to come into Barbados and get that quality work force for that small amount of money, then we can see that there must be something wrong in this particular situation. I feel that we have to look at this matter very carefully and insist on providing an intelligent work force here which is capable of easy training or adaptation to particular systems of work which are brought here. We also have to insist, at the same time, that the workers get what can be considered to be a decent and reasonable wage level.

Certainly, as far as the Barbados Workers Union is concerned, we have been consistent in this particular matter. I have no particular regard for any point which may be accomplished now coming from the Government to the effect that the Democratic Labour Party did nothing about this. I am saying that I am speaking now in the same way that I spoke from the back benches of the Democratic Labour Party when the Democratic Labour Party was in power. I used to make this same kind of appeal. I think that we have to recognise this situation. I think that when one listens to speeches by the Prime Minister and the member for Christ Church East it is quite possible that employers in this country will, probably, get the wrong impression and, indeed, some of them are getting it already.

Mr. Speaker, the editorial in the *Advocate News* revealed today that the employers in the shops – and this is a typical response of some employers in Barbados – have heard the Prime Minister say that wage increases should not go up more than 5%. The Wages Council have just approved an increase of about 33%, and the employers are saying that the Prime Minister has said you should only get 5% and they are only prepared to give an increase of 5%. You can see very clearly how this kind of situation can develop, and that is why I say it is a very dangerous situation in which, for one reason or another, we find ourselves. The Prime Minister, in putting forward his particular point of view on wage restraint, has given new grist as it were to the mills of employers to resist any kind of proposal for increases because they recognise that they have the backing of the Prime Minister and the Governor of the Central Bank in this particular matter.

The Prime Minister, Mr. Speaker, also mentioned – of course, this is something for the future – something about the unemployment levy and what he proposed to do with the tax which will be imposed on business men. The member for Christ Church East alluded to it. It is that part of the levy will be used for industrial and management training. *(Asides.)* I did not hear you. Those of you who had the honour to sit in this Parliament before this Session would realise and would remember that about four or five years ago I made the point about skills training. I felt that some levy should be made on people who were involved in this particular area with a view to providing an opportunity for workers in these areas to diversify their skills and to get additional training in skills. This was something which I considered to be important, and I still consider it to be of paramount importance in this situation.

Mr. Speaker, what is of considerable importance in all of our considerations here today, and I think it has been shown up here very clearly, is that we are dealing with a situation, as it were, on the surface. This is our problem. We are looking only superficially at a problem which is of fundamental importance and, obviously, the kind of measures which have to be adopted must be

forthright measures from the point of view of changing our economic system and our economic structure. That is what the Prime Minister is afraid to do. He does not want to touch or to shake the system as it were. I am saying that we will always be in this stop-go situation unless we, fundamentally, change our economic situation and ensure that there is more opportunity for participation. We must ensure that there are more opportunities for people to get greater returns for what they are putting in the industry so that they would become more involved and make their presence felt.

Now, the Prime Minister has given a very clear example of what is happening in this country, where some 472 people, I think he mentioned, earned among themselves $21 million a year. That is an indication of the kind of problem which confronts us. Of course, they do not only earn this money by way of salaries. They earn it from income which they get from investments and other areas where they are able to get returns. I am saying that if we continue, as it were, tinkering with our economic system, we are not going to be able to come out of this stop-go, stop-go situation. I think that it needs a much deeper look at our particular situation so that much more fundamental changes and much more far-reaching measures will have to be implemented.

I want, Mr. Speaker, in conclusion, to refer to something which the Prime Minister said in his Budgetary Proposals. He made a very clear point on the question of the tax structure in this country. I will quote him from the fat document on page 24 where he said in the second paragraph:

> "The Government considers that the tax structure in Barbados should as far as possible be reshaped to encourage the fullest utilization of the most abundant resource – which is labour – and at the same time provide incentives and rewards for individual effort. Clearly, this is a task which will require in-depth investigation if it is to be done properly. Tax changes which are made without adequate study and preparation are difficult to administer and often have unpredictable economic consequences."

Now, we have, Mr. Speaker, here today a number of measures which are seeking to amend the Income Tax Act and to make certain concessions and to impose certain taxes on people, companies, etc. What I would like to find out from the Hon. Prime Minister is whether or not these changes have been as a result of this in-depth investigations about which he talks in his Budgetary Proposals. I would also like to know whether these are all of the in-depth proposals or the changes which would be forthcoming. I did not hear, in the course of his two hours of talk before lunch, any reference made to this investigation and to the studies which will, obviously, take time, and what were the results of that particular measure.

It seems, therefore, that this is something which the Prime Minister is hurrying to do, as it were, to put a stop to the situation and this is just a holding until this particular in-depth investigation is carried out. I hope that the Prime Minister would be able to respond to that particular point on the question of whether or not this was as a result of the in-depth investigation about which he talks.

4.45 p.m.

Also, it was interesting to hear the Prime Minister in speaking about the free national health service which the Barbados Labour Party proposes to introduce stating that it will have to be self-financing, and I would hope that he would be able to throw a little more light on that particular point. I think that we deserve a better explanation, unless he does not want to reveal the way in which he will finance it.

Mr. SPEAKER: The hon. member should wind up his debate.

Mr. GREAVES: Thank you, Mr. Speaker. Unless he does not want to reveal who would finance this free national health service, whether it will be financed out of general revenue, bearing in mind of course that the Prime Minister indicated that he does not intend to grant wage increases from the general revenue. This was one point which he made in reference to the proposals which he expects to be forthcoming from the Unions involved with the public sector. Or it could be that he does not intend to grant any wage increases at all.

Hon. H. B. St. JOHN: Mr. Speaker, I hasten to rise to reply to some of the points raised by the hon. member who spoke last, and to some of the other points raised by the previous speaker on the opposite side.

The hon. member early in his speech sought to convey the impression by the content of his speech that we on this side were speaking in two different veins about the state of the economy in Barbados, and he quoted statements by the Prime Minister today and at budget time, and a speech made by the hon. member for Christ Church East, and contrasted that with a statement made by me a week ago. I want to point out that there is no inconsistency at all in the various statements made from this side. Last week I was replying to a charge made by the Leader of the Opposition in which he said that the economy in this country had seriously deteriorated in the last fifteen months. He said that, and I rose and I replied and I pointed out and I asked for the evidence that the hon. member had to base such a statement upon, because

that statement is only the opinion or a judgement of the hon. member, and I replied by saying that all of the recognised economic indicators of the performance of the economy had shown a significant improvement in the last year, and I said that, and I stand by that. But the fact that you have had a growth in the production sector of your economy does not mean that you do not have budgetary problems or that you might not have problems of the balance of payment or indeed of unemployment, and the burden of the Prime Minister's speech and of the budget is that we recognise that if the level of wages that are paid to the public and private sectors in Barbados continues unrestrained, that it would act as a brace upon a further increase in production and our production position vis-a-vis Third Countries, and further that the Central Government would have to look for more revenue in order to support and to pay for the cost of the wages in the public sector.

In addition, we pointed out that it has been our analysis of the situation that in the context of the economy of Barbados that those responsible for employing labour take the opportunity when there is an unrestrained level of wages to pay the request for wages but also at the same time to finance the paying of those increases by laying off people, and the whole strategy that we are devising is to prevent this from taking place. That is the whole burden of the package. Hon. members talk only of one part of the package, and hon. members have all up to now replied to the other aspects of the whole purport of the Prime Minister's statement, and I want to deal with that, because we have said that we do not regard a 15% rate of unemployment as an acceptable rate of unemployment in Barbados.

I have further said that we are convinced, and we can prove it statistically, that between last year and this year, there has been a significant reduction in that rate. It was more than 15% at this time last year, so there is absolutely no inconsistency, because as I understand the burden of the speech of the member for Christ Church East, he has stated that there has been an increase and that percentage increase has been partially reduced by the fact that you had the school leavers coming in since then, but even taking the school leavers into account, the overall increase in unemployment still amounts to a lesser rate of unemployment than there was at this time last year.

Do not let us attempt to play politics over this very serious situation. I believe that all of us as Barbadians are very concerned that we have an unacceptable rate of unemployment. Do not let us forget this, Barbadians in the past were able to emigrate. Because of the economic conditions abroad and the immigration problems abroad, that opportunity has been cut off or drastically reduced. It is therefore incumbent upon us to devise strategies within Barbados to reduce the levels of unemployment that we have, and the levels that were announced here today and those which were announced in the budget and the proposed measures are all part and parcel of the strategy, but there are additional measures which the hon. members on the other side do not seem to appreciate that are all part and parcel of the whole package.

We are talking about measures such as the introduction of the amendment to the International Business Companies Act with a view to attracting service industries into Barbados as part of the overall package to bring more employment, and in particular to bring employment along to suit the qualifications which historically our educational system produced. In addition to that, the question of the unemployment levy that was adverted to here today is an important part, because if one contrasts our conception of the utilisation of the monies derived from that with what it is used for in other countries in the Caribbean which have an unemployment levy, namely Trinidad, you will see that they use it for financing crash programmes, whereas our conception is to finance training in export promotion, training both at the level of industry, management, technique and at any other level that is necessary that you find in the industry.

I want to know from the other side what is their conception. Are you in favour of an unemployment levy or are you not in favour of an unemployment levy? If you are in favour of an unemployment levy, what do you say the money should be used for? Are you in favour of having people employed on crash programmes who go to work on a morning, sign in their names, leave and go and do another job and then turn up at the end of the week and get their pay? If that is your policy, say so, we say very boldly that we feel that there are a number of constraints to production in Barbados, and do not let us fool ourselves, unless we produce more in this country we will not have the goods to sell, to consume at home and to sell for consumption abroad, and unless those goods are produced at a price competitive with the other people who produce them in other countries of the world who market on the same markets, we will not be able to sell ours.

In any system of Government that is the position, so do not let us fool ourselves. We have analysed what we regard, what we found out the constraints of production, and the hon. member for Christ Church East has identified some of them, and there is no doubt about it, that there are certain skills in this country that are needed, and that is one of the reasons why we feel that an important part and an important contribution is being made to raising the level of production and

productivity in this country by appropriating part of the unemployment levy in that respect.
4.55 p.m.

It must be recognised that even with restrictions within the Caribbean area, that the CARICOM market is in truth and in fact a limited market; and if we only look to the CARICOM market, we find only one million people; and that alone cannot supply a sufficient demand for industries in Barbados to make a significant dent in the employment problem that we have. It is therefore necessary to train people in the fundamentals of exporting, not only within the Caribbean, but abroad at an early date.

We recognise this as part of our strategy, and earlier this year we created a National Advisory Council on export promotion, and we invited the hon. member's organisation, the Chamber of Commerce as well as a number of other people to be part and parcel of the National Advisory Council. We have an export promotion agency, so that this is another institution that has been created together with the National Advisory Council, together with another important institution which has not been created yet but which has been announced by the Minister of Education – The National Industrial Training Board. One of the most glaring defects in this country – and I say that in no contentious manner because the hon. member for St. Lucy knows that I do not speak like him in a contentious manner – is the fact that the Barbados Workers Union does not participate in ensuring that people who say they are carpenters have gone through the training so as to entitle them to be qualified carpenters. In other parts of the world where the qualifications of workers are concerned, it is the Unions themselves who say that you cannot have a Union ticket as a carpenter, an electrician or a plumber unless you go through a training process approved by us. That is a fact.

The Union has a lot of data and a lot of national contacts. I think that they could have suggestions which could be put forward to the National Industrial Training Council so that we could be sure that it is a scheme that has been worked on and practised in other areas. I will tell the hon. member this: he talked about lassoing. You cannot lasso a man and make him a member of the Union; but if you get him to recognise that his training is due to you, you will have him for life. This would be a method to ensure that the Union's membership is increased. The hon. member knows that as a matter of economics the Union cannot pay out more in wages than it gets in contributions. It is no different in Government. A Government cannot pay out more in wages than we get in taxes you know that.

Mr. SPEAKER: The Hon. Leader of the House will please address the Chair.

Hon. H. B. St. JOHN: Yes, Sir. That is the position. There is no mystery attached to this; but our basic position is that we have created a number of institutions already, and we will be creating another institution in an attempt to galvanise this community into greater production; and I believe that the more dialogue there is on what we are doing and what we are attempting to do, the more the community will understand; but what I cannot tolerate, and what we will not tolerate is any attempt to impute our motives in doing it or any attempt to distort what we are doing.

Now, the hon. member for St. Michael South West said that the Government only talked about wage restraints, and that it did not say anything at all about prices or profits; and the hon. member went on into a long dialogue indicating very clearly that he is totally confused on the basis of taxation in this country. The Government has said that it is creating a system of controlling very carefully the items that go to make up the cost of living index in Barbados; and the Prime Minister was very specific that these would be monitored regularly, and he used as an illustration the question of sweet potatoes. It was only because of the close monitoring of those items that remedial action was taken so quickly.

I want to say one thing. I do not believe that there is any member on the other side who will refute the statement that this Government, since it has come into power, has given a flow of information on the economy and the segments of the economy; and this flow of information has improved vastly. We put the cost of living index in the newspapers within two weeks of the next month. We put in statistics in relation to tourism. We have published statistics in relation to imports and exports within two weeks of the next month. That is what we have done. As a matter of policy the first thing that the Import Review Committee did was to let the statistical department know that historical information is of no use if you want remedial action. We have insisted on that. Some people may dislike the pressure that we are putting them under, but we are under pressure ourselves. We work 16 or 18 hours a day as politicians and we feel that this is the attitude that we need at this present stage of development in Barbados.
5.05 p.m.

We need more work, not less work for more money, and therefore it is because of the fact that we have improved the flow of information that we are able to make meaningful decisions to correct any adverse trends that we see. Obviously we have to be on top of the situation in relation to the prices.

Now the Prime Minister like all of us has come to the same conclusion as the Import Licensing Review

Committee, and we are going into an indepth analysis of it. With respect to some of the productive sectors in Barbados – and I want to say this openly – we have found that there is an attitude that is prevalent among some sections in the Agricultural Society who believe that the Barbados market is their market, that the Caricom market is their market, but that the Caricom producers cannot come in here; but they have automatic right to go in there. There is a feeling that once you say you have an industry in Barbados that you are entitled to charge as much as you like for your products, that the Government must give you all the protection in the world by restricting imports so that you can enjoy the Barbados market, but the consumers in Barbados must pay for your inefficiency. As I have repeatedly told them publicly, this Government's view is that there is a measure of protection which we can give which will allow a reasonably efficient producer to live, but beyond that if they want to take us into the political arena, we will answer them in the political arena, and we will in the political arena explain the reason for our actions, because we feel that there has to be a balance between the interest of the consumer and the interest of the producer in the context of this country.

In addition to that it is sheer hypocrisy for anyone to say that agricultural products in the context of Caricom should be treated differently from industrial products. Let us not forget that the competition – and I am dealing with the hon. member for St. Michael South West – that the farmers in Barbados get arises not only from the other producers here in Barbados, but also from the farmers in other parts of the Caribbean area. Now all these things we recognise are decisions that depend upon a certain element of support and goodwill by responsible opinion in this country, and that is why we have been couching our language in the fashion in which we have been so doing. I know that the temptation is very great on the other side to attempt to make political capital out of the policies and decisions taken by the Government, but I want to say that this Government is not afraid in any way to deal with the subversive element in this country whether it comes from the other side or not, and whoever on the other side is involved, the arm of the law, as the Chief Justice Stoby used to say, is long enough and strong enough to deal with the unruly. In addition to that, this Government is equipped to answer any distortion that comes in the course of speeches from the other side, and we will do it because we know that this Government has by its policies permitted Barbadians to have a choice of goods in this country comparable to any other country in the Caribbean area and comparable to most of the countries of the world. So any attempt to distort the policies that we have pursued in relation to import licensing and things of that kind cannot succeed because we did it upon a scientific basis; it was not done in an adhoc manner as was previously done.

The requirements of each sector of the economy are analysed, the Central Bank has an input, the Ministry of External Trade has an input, the Ministry of Consumer Affairs has an input and Ministry of Finance has an input, and a very sophisticated analysis was done and as a result of that we have been able to programme and control without restricting choices to any significant degree a whole year's imports to match them with our export capabilities. So this has been done, another part of our strategy to combat the two problems I have identified. Mr. Speaker, we have absolutely nothing to be ashamed of.

Mr. SANDIFORD: Mr. Speaker, I do not intend to speak for long on this particular matter that is before us, but I would just like to make a few observations. I would like to start off by saying that as I sat and listened to the hon. member for St. Thomas, the Prime Minister and Minister of Finance, I was certainly moved by the attempt that he was making to put the state of the economy in its true perspective. I was impressed by the obvious way in which he is trying to grapple with the problem and I believe that he is making a sincere effort to come to terms with these problems, and it is that particular effort and that attempt which caused me to observe and listen very carefully and attentively, because I could not help but come to the conclusion that here we were seeing a transmutation or transfiguration of John Michael Geoffrey Manningham Adams, and I say this in all seriousness because as I listened to what he was saying I could not find and did not find any fault with the type of prescriptions that he was making, but I have serious modifications to put to some of the proposals that he was advancing; but in general outline, the requirement for wage restraint in this country is a requirement which anyone who is interested in the economy of this country must accept.
5.15 p.m.

But in general outline, the requirement for wage restraint in this country is a requirement which anyone who is interested in the economy of the country must accept; there is need for this type of wage restraint and need for an increase in national production or productivity. I don't think anyone should disagree with this. The transmutation comes into play of course when some year or two ago the member for St. Thomas as the then Leader of the Opposition failed to recognize the problems within the economy and failed to give that type of lead from the Opposition to the then Government in dealing with these particular problems. That is the essence of the problem, and that is why I believe that this speech today is one of the most difficult speeches that the Prime Minister has ever had

to make on this floor. And it was not because he was trying to put forward a case the facts of which he was not familiar with. He is familiar with the facts but I think the past record has been hanging around his neck like an albatross.

Let us look at the question of wages. I have said that in terms of general philosophy there is need for a policy of wage restraint but as to what that policy should be is a question for discussion. I do not think in terms of 5%. However, he has given that guideline, and I know from experience he is a very careful, cautious and conservative man. You might be carried away by his words and manner but he is very cautious and conservative and you can always find some type of modification in the statements he makes. That may be a virtue in the Prime Minister, and today as he appealed for the cooperation of the Opposition, as he has been appealing over the past months for all Barbadians to come together and recognize the problems, I have wondered if this is the same man who as Leader of the Opposition, when inflation was reaching up to 40%, was calling for the then Government to go back to the bargaining table and try to hoist 35% to some higher figure like what the representatives at some of the unions were calling for at that time. That is a problem that this country is facing today. Not that what the Prime Minister is saying does not have grains of truth as far as the economy of this country is concerned, but I believe he now has to create moral authority for his side to give this country the type of economic leadership it needs. And if we want to talk about the economy and we say that there are problems, let everyone understand what we are saying, because after you have finished quoting the major indicators, whether exports, constructions, agriculture or whatever, all of these statistics have geen going upwards from the time the Democratic Labour Party came into office. Even with agriculture, which has been much maligned, the indicators have been that increased production has been recorded and you can see it in the reports of the Central Bank. So that when you say that between 1976 and 1977 the productive sectors of the economy have increased, this has been going on over the years. But the productive sectors of the economy do not constitute the total economy. The total economy includes our imports, exports and the operations of the private sector and public sector. I was trying to recall whose words the Prime Minister was quoting when he referred to the social contract and referring to public penury in the midst of private plenty.

Rt. Hon. J. M. G. M. ADAMS: On a point of order, Mr. Speaker. I am not aware that it is a quotation.

Mr. SANDIFORD: Note Mr. Speaker, he only said he is not aware, but I think it was Galbraith who made mention of this. Anyway it was a good phrase, and if he does not recall it, it only shows that great minds think alike. But as I was saying, when you look at the public sector and private sector you will find that the economy is in trouble.

Let us look at the particular problem. The information now comes out very promptly, and I recall the Prime Minister pointing this out; and this is good after the inputs made by the previous Government that we are now able together with the efforts of the present Government to get these reports out more promptly. The latest one is September I believe, "Accounts and Statements for months of August and September, 1977 prepared by Accountant General." I get my documents a little late, sometimes not at all. I am looking at the September accounts and this is what it shows: that for the year up to September 30, 1977, there was a deficit on current account of something like $21 million. When you take current revenue and expenditure into account together with the Annexed Estimates of Post Office revenue and expenditure, there is a further deficit of approximately $325,000; when you look at capital loans and capital expenditure you get what looks like a surplus of $2.4 million. But when you take the total figure into account, according to this report, there is an accumumated deficit of something like $124,256,588. Now in any language this spells problems for this country, and I think it is the measure of the quality of leadership of the Prime Minister that he has been attempting to come to terms with the particular problem.

5.25 p.m.

That is why when he was speaking I wondered what his Social Service Ministers were thinking, or what was going through their mind because he was saying quite plainly that the social services in this country, or the money provided for transfers – he was saying that we cannot continue those services on that type of basis, or rather that we have to be much slower in the development of those services because the economy is in trouble, and the productive sectors have to produce a surplus after taking into account the needs of the Government in order to ensure that payment for social services can be met. Our economy is in trouble, and there is no point trying to conceal it. The problem with Government now is that, when in Opposition, instead of giving the type of bipartisan support in order to deal with the massive problems – let us make no bones about it, a large part of that problem was imported. It was imported, and however much the Prime Minister may try to down-play the role played by imported inflation, there is no doubt at all that in an economy such as ours it is very vulnerable to the winds that blow outside of this country. If inflation is down now that is due not only to the efforts of the Government,

past and present, but it is also due to the fact that in those countries outside, particularly those with which we have close, economic relations, they have been able to reduce their inflation to levels lower than what prevailed during the period 1973–76. We are not an Island on to oursleves in the economic sense because we are part of a world economy – an economy that is shrinking and getting smaller and smaller, and we have to take that into account in every move that we make.

Now, as far as training is concerned, I would like to make this point. It is desirable, and I believe I have made this call before. I have asked the Minister of Education to look at the proposals for revamping industrial training in this country and to come up with a programme in addition to the efforts that were made previously to get our young people into the Polytechnic and into other training situations. I believe that each employer in this country, each craftsman, and each person who runs an establishment where people can be trained under a revamped scheme, would be able to provide additional skills for the young people of this country.

Mr. Speaker, we have made that call; we left the plans in the Ministry of Education; we had Advisers down and they got together with our local experts in this area and we left proposals there waiting to be implemented. I have said this over and over again that the mere fact of providing training does not guarantee that there will be jobs ready for those who have completed their training. We have used all imagination possible to try to create more jobs in this country.

Now, from over here, we are not going to pretend to tell the Government how to run its own business because, in opposition, you were saying there need be no unemployment in Barbados. Those were the words.

Rt. Hon. J. M. G. M. ADAMS: My words.

Mr. SANDIFORD: Yes, your words. Not you, Mr. Speaker, I am sorry. Mr. Speaker, those were the words coming from the spokesmen of the then Opposition. It is for the Government, therefore, to come up with those proposals which will eliminate unemployment in this country. We will watch, not only with interest, but we will watch those proposals and in any situation in which they will redound to the improvement of the economy in this country and the provision of worth-while jobs for people in this country, you can rest assured that you will get support from over here. We will not play the same role at all.

Mr. Speaker, I do not wish to go on much longer on this particular issue. The problem we are facing today is one of credibility that here we have the appeal for statesmanship in 1977, and when the challenge was there, and when the opportunity was there in previous years, we did not get that co-operation. You have the reins of Government now, and I am saying that, as far as I am concerned, so long as the proposals are in the interest of this country, they are going to have my support, but you will have to make a lot more speeches like the one you have made today. If you took note of it very carefully, it lacked the usual fluency; it lacked the usual dash and panache of which the Prime Minister is capable.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, if there is no other hon. member who wishes to speak on this matter, I propose to reply briefly on behalf of the Government.

Mr. SPEAKER: You may do so.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I find it quite impossible to reply to the speech of the hon. member who has just sat down. I think it would actually be unwise for I have no wish whatsoever, by either thanking him or praising him, or indicating that it is the best speech I have ever heard from a DLP in here, to get him into any greater trouble with his Party and thus erode his authority to bring to bear his wisdom, his commonsense, and his evident deep intellectual powers on the problems which face Barbados. I am not saying this as a part of a mutual back-scratching exercise, Mr. Speaker. This is something which I have made abundantly clear privately, but all that stops me from saying it publicly is the wish, as I have said, not to get him in trouble where it matters.

Really, Sir, I do not think that the Government can have any quarrel with any of the speeches that have been made today. The speech of the hon. member for St. Michael South West has been dealt with so adequately by the hon. member for Christ Church East that I would not want to comment on its lack of content or its style but, certainly, it contains no material on the burden of the the issues we have raised in the House on this occasion with which I would, fundamentally, disagree.

5.35 p.m.

On the matter of productivity, he has not had the benefit of being in here when Mr. Frank Walcott was in here and used to engage in debates on this matter, but if he had he would know that I have never sought to put the blame of low productivity on the workers, never at all. He says it is only 15%, I do not believe that percentage is accurate either, I think along with Mr. Frank Walcott that in Barbados experience will show that those employers who make determined efforts to improve productivity discover that it is a matter of management, of proper personnel handling, and they should be examples to other enlightened employers that

this is the case, that a whole range of upper and middle management decisions that unfortunately do not always get taken in Barbados, and it is that whole plan to use a part of the employment levy for management training as well as for straightforward industrial training in order to raise the output in industry, because while I am not so sanguine as the hon. member to believe that all firms are operating in Barbados at optimum employment levels, while I concede that the employment levy cannot be the magic wand to wave overnight and solve all the problems, I am really not in a position to give all the details of the levy which will be introduced next month.

I pointed out, Sir, that if an employer who is employing eight people employs nine – that is, takes on one more – he will be relieved for his first year's levy. In other words, we are not trying to do it all one time, you may remember that unemployment in Barbados is 13%, 14% or 15% depending on the time of the year or whatever, and just in passing I would correct the hon. member for St. Michael South. He wrote an article about the economic situation and he took percentages and assumed that the larger figure was the figure for the work force. That is not actually correct, so perhaps his unemployment percentages as published in the newspaper are a little higher than the actual. We are not trying in one year or in six months to create conditions under which all the unemployed in Barbados will be employed, we are trying to make it possible over a three year period to bring unemployment down not just to the levels that it was when our Party last left power in 1961 but to a level at least where unemployed people can make up their minds as to which job to take.

We have calculated that a three year programme is about the right length with annual targets for employment figures. I have mentioned the figure of one person in addition to eight other employees, and indeed I do not want to go into details, but even that is more than would qualify for the levy refund in the first place.

There is one more misconception I want to correct. You do not have to wait until the end of the three years to get the levy refund, the refund will be paid as soon as your employment performance in the first, second and third years has been properly assessed. As soon as you make returns you will qualify for the refund, and the percentage increase will probably be different from year to year. If you are employing 100 people we are not asking you to take on another 100, I would not like the unemployment levy to frighten the firms into thinking that they are employing exactly the right number of people and they are unable to take on more. We are giving the firms an opportunity to take on a few more. For example, with a supermarket, if they feel that to buy a van and employ a driver they would be able to collect goods that much more expeditiously and therefore reduce costs and make a little more profit we are hoping that they will do that.

I am reminded now of some problems with a local company which may be a good illustration of matters in contradiction to another part of the hon. member for St. Michael South West's speech. He spoke of locally produced articles and the only competition you get, but the hon. member for Christ Church East has dealt so competently with that hon. member that I do not think I should try to go any further with him, and as well, that has been dealt with by the Deputy Prime Minister. He spoke of locally produced articles, he started out with sweet potatoes and then he went on and on to various other articles like shirts from Mapp's, and I want to deal with a bit of that.

I think he was a bit contradictory when he was dealing with that aspect of the prices policy of the Government. We do not agree that only the locally produced articles have competition, and we do not agree that price fixing is confined to imported goods. This should be absolutely clear.

Mr. TAITT: On a point of elucidation. So that the Prime Minister will not get involved in misunderstanding what I said, the mere fact that I used Mapp's example, and the reason I used the Mapp's example was to indicate that the price fixing course whether the product is local or imported, I wanted to make the point that price fixing does occurr. The competition in the economy takes place in Barbados, and it is more likely to take place in locally produced items, and there is a difference between locally produced goods and locally manufactured goods.

Rt. Hon. J. M. G. M. ADAMS: I still do not agree with the hon. member about there is more competition in locally produced articles, and although I do not want to dwell on the point, I think it is important for the public to know what Government's attitudes towards pricing of locally produced articles are, and perhaps to take some of the steps that for example annoyed the Barbados Agricultural Society.
5.45 p.m.

You cannot, in my opinion, have a satisfactory wages and income policy without a prices policy. In the context of Barbados this means taking into account price movements. This is a truism, and I accept all that hon. members have said about it. We cannot take into account the movement of prices of overseas goods in taking into account the movement of prices of local goods. The overseas goods come in with markups which

are sometimes excessive. I saw that even E.L.C. today criticised excessive markups; but all of this is in many ways easier to handle than the local problem because suppliers of the overseas goods are not voters or lobbyists in Barbados, and you can look at the imports.

You have a suspicion that the local merchants have some contact with the overseas suppliers and get the type of invoice that they want. You check it out by leaving the Overseas Missions, which is what we are trying to do at the present time. You check it out sometimes by encouraging a local maverick occasionally, although sometimes the records of the mavericks are not good; and I am not only referring to Mr. Leo Leacock. These things are well understood, and they are being pursued.

What do you do in the local situation when you meet a situation like BARPAC? In the interest of the employment of a few dozen pig farmers, of whom they are the biggest at the present time, you get all sorts of problems. What did I hear when I went into a supermarket one day and found ham at $6.50 a lb? The Manager told me that another supermarket manager had rung him and said that he had a lot of gelatin in. that week's ham, and he was having to put the price up; and so all of the others have gone up to $6.50, but only so and so had stayed at $6.00. This resulted in great anger, and I spoke to the President of the Chamber of Commerce and told him that if the price was not reduced I would guarantee that on the following day there would be a controlled price set at such a level as to guarantee a loss to every supermarket in Barbados that had ham; and as a result, the price came down. That was not really in my sphere. The hon. member for St. Joseph was out of the Island at the time; but this is something that you have to instill into the staff of the Consumer Protection Ministry until they do it instinctively; and it is an action that can be difficult to carry through to a logical conclusion.

There are only 200 acres of onions planted in Barbados, but it seems that every single oinion planted in that 200 acres has a champion; and if you want to bring down the price of onions in October when there are no locally produced onions in Barbados, the minute one onion licence is issued, you hear the same set of people – and these are big plantation owners as well as small people – saying that if you let in any onions now, when the crop comes in they will not get the price for them. Every single onion seems to have a voice. Every sweet potato, every pig at BARPAC seems to have a voice and they all speak in the same direction. So although there seems to be competition in locally produced articles, there is a fundamental push by all producers of local foods and up to one point, and that is that imports with threaten farm incomes in a way that the farmers do not want.

Of course we are developing a different policy. We are trying to make the farmers understand that the market in Barbados is too small to expect that the consumers can support prices without Government intervention – and really the Government has no money to intervene – can support the level at which the farmers will be satisfied as far as their incomes are concerned. Therefore we have to push farm exports, and that is part of what the Export Promotion Council is doing and what the Ministry of Agriculture is also doing, to try to specialise in things that are wanted in large quantities, and try to get away from the idea that self sufficiency is the be all and end all.

To my mind Barbadians want onions and they may not want egg plant – bolon-jay. Farmers abroad might want bolon-jay. If an acre will produce a bolon-jay crop worth $5,000 it is more worthwhile to produce that and sell it abroad and import the onions. That is a very crude statement on agricultural economics, I know, but it has to inform our activities in the early stages when we face the intensive rise in the cost of agricultural products.

Anyone who takes a close look at the cost of living index will see that there are a lot of items which have gone up by 200 and 300% since 1965. Meat has not trebled in price since 1965. A whole series of foods have remained under that 300% mark; but when you see a 200 or 300% increase in onions, carrots, limes and all citrus fruits you know that they are locally produced things; and indeed you will find, Mr. Speaker, that the price of locally produced foodstuffs since 1965 have gone up as far as 10 times while the price of imported foodstuffs has gone up only by 2 or 3 times despite all the price fixing, the riggings, the quotas and everything else.

These are facts borne out by the Retail Price Index Analysis. Any Minister of Finance has always had access to these figures; but they have not been published in detail in the way in which we have published them. Garments? I really do not want to say anything against the Government manufacturers. I am very satisfied that there is competition in the garment industry. I believe that some Trinidad manufacturers tried to cut our throats and I am very glad to say that our manufacturers have done themselves well in cutting the throats of manufacturers in Trinidad.

There is also, I think, an adequate understanding in the garment industry within the confines of a small market, how to balance the interest of consumers against their own interest. We have seen a number of cases where garment manufacturers have contributed to a fall in the cost of living; and we really cannot complain about that. There is only one thing that I want to complain about and that is stories in the Press.

The Press likes bad news. They like to headline "Layoffs at Grazettes" and "Bad News In The Garment Industry". It seems to me that every time that a particular garment manufacturer begins to lose a little business to his competitors he blames Guyana and Jamaica, and he says that if the Government does not do anything about it the whole industry will collapse. The Minister of Caribbean Affairs had a full investigation into the Garment industry and as a result he discovered that there were 36 more people employed than had been employed before the layoffs.

As I have said, manufacturers always say when something seems to be going bad that the Government should do something about it. The Government is doing something, but the industry is not doing so badly. Even Frank de Silva this morning had to cry halt to the tales of woe, and admit that he is a specialist and that he is making money. More power to his arm, because when he makes money, more Barbadian girls get work, and the balance of payments position is improved.

However, competition is not a subject within the Bill before the House, and I will not dwell at it at any length; but I think that all must understand that what people say and what we read is not always the exact and accurate truth. I want to pay tribute to the hon. member for St. Michael South West. He has been critical of the economy in the country from time to time, but I have never heard him go out on a limb with those who say that the garment industry is collapsing because I think that he is aware, as most people are, how industrialists can cry out when they want something special rather than when something is really wrong. I was not present for the speech of the hon. member for St. Lucy, Assistant Secretary of the Barbados Workers' Union.

5.55 p.m.

The notes which have been made of his speech impress me, if he does not mind my saying so, that he has taken an excellent lesson from the General Secretary, Mr. Frank Walcott, who headlined his advertisement in the Sunday Advocate one day "Union says No to Wage Restraint" and then he published a long and reasoned article indicating the circumstances under which wage restraint would be right, unlike Frank Alleyne in the last sentence on "Open the Door" for Government to negotiate, to accept that all of us are in the same business and are trying to achieve a result that has social justice in it as well as economic restraint. I see that he says the Prime Minister's view was one-sided and if you look carefully you can find an inconsistency, but in the end of it I believe that the speech makes it clear that he is worried about the same things as we are, to improve productivity at management and supervisory level. If the hon. member really would like some things which I think the Union should negotiate for – the Government cannot tell anybody to do it – to improve productivity, let him instead of asking for 30%, 40% or 50% wage increase in one of the factories in one of the industrial estates, ask the manager to air condition the factory and you will get a productivity that will make the manager keen to pay the wage increase. Let him ask the people who engage in noisy operations, some of the metal works which are very noisy operations that will deafen the workers if they work in that environment for a couple of years, to provide and insist on providing ear protectors over and above what the factory inspectors call for; a little air conditioning, a little reducing of the noise in people's ears, better canteen facilities, let them be Union claims and Union pressure in 1978. Certainly I assure him the Government will not give any support to any sort of employer that says he cannot afford to put in air conditioning or he cannot afford to improve the canteen facilities or anything else. Let them spend the money in that direction and you will then see productivity advancing.

I had to say to the garment manufacturers at an Import Licence Review Committee called specially to deal with garments when they were complaining that some places were core productive and they could not afford to do this, I drew an example of one Canadian owned company whose manager had assured the Hon. Leader of the House and myself that his workers in Barbados are more productive than the workers in Canada. Let them take a leaf out of his book and give the workers proper working conditions and the productivity that we are all looking for will be achieved in such a way as to allow that general increase in the level of wages that will lift Barbados from being a middle income developing country into a high income developed Island. There are one or two in the world today and as far as I am concerned I want Barbados to be the next. For all Trinidad's petro dollars I want to get there before Trinidad and will get it by proper management of the economy.

One or two very small points on distribution of income, profits and dividends. I would like to assure the hon. member for St. Michael South West that the point he makes about corporation tax is not the end of profits is a point at which the Government has been more than grappling, but these are details which it would be inappropriate to publish at this stage. I think the hon. member may not be disappointed when the wage restraint package comes before the House. I hope they will very soon. He will then not think that we have failed to deal with the fundamental questions related to these two points which he raised.

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

On motion of Rt. Hon. J. M. G. M. ADAMS seconded by Hon. H. B. St. JOHN, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. ODLE in the Chair.

Clause 1 was called and passed.

Clause 2 was called.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, in Clause 2 I beg to move that Section 3 of the proposed new Section be amended in the second line thereof to substitute "1976" for "1977".

Sir, this proposal was originally introduced in July, 1976 by the former Minister of Finance and the insurance companies have already paid the appropriate tax, so I am informed, for that year, and we are therefore just making sure. In fact, it should always have been 1976, but there was a little difference of opinion. We are asking that that amendment be made.

I beg to move that Clause 2 as amended stand part.

Hon. H. deB. FORDE: I beg to second that.

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

Clause 3 was called.

Rt. Hon. J. M. G. M. ADAMS: Sir, I think there is something I should say on the principle of Clause 3. Clause 3 is the tax credit clause. Tax credits are an integral part of the income systems of many countries. Indeed there is even some movement at present, I believe, in President Carter's administration to remove all allowances and substitute instead a system of tax credits for the lower paid workers. This has the attraction that raising of allowances is a regressive measure. In other words, although people may say that a man and his wife cannot live on $2,000 a year and why don't you raise the allowance, they sometimes forget that raising the allowance to $2,000 a year assists the lowest class of taxpayers by five cents in the dollar. In other words, if you raise it $1,000 you give the lowest group of taxpayers $50, but you give the top group $700, therefore when you raise the allowances you are helping the upper income payers. We have been considering a general review of the allowances, but at this time the Government is not prepared, certainly not at a time of wage restraint, to go through any exercise of general assistance to taxpayers in the top bracket, and therefore the tax credit system has been brought into being. We used it this year to give a tax credit of $50 to the lowest group of taxpayers. I think the gross assessable income which would qualify you was up to $6,000.

6.05 p.m.

We used it this year to give a tax credit of $50 to the lowest group of taxpayers. The lowest income group which would qualify was put at $6,000 a year. I am not in a position to say how far this would be repeated next year, but hon. members may take note that the Government has adopted this tool to give relief in the lower income brackets while not in the higher income brackets, and I commend the principle to hon. members. The fact that the section is there does not mean that I will prescribe a tax credit every year or that it will be the same sum, or that it will be only one tax credit at one rate. Nor does it say anything about the level of credits; it is just a general tax credit revision. The first prescription that will be made is to legalise money given back this year. We have given back a large number of refunds to taxpayers this year and that will be the prescription for the income for 1976. I will urge hon. members to support this as a significant advance in the flexibility of our income tax structure.

Hon. F. G. SMITH: Mr. Chairman, I must say that this seems to be another example of how fast the Prime Minister seems to be learning, because in his Party's Manifesto at page 3 we read: "One effect of inflation has been to raise the level of taxation in Barbados and we will therefore amend the Income Tax Act to provide a higher level of allowances." Now he is telling us that since he has been in power he is either abdicating this promise made to high, low or middle income, and is now relying on tax credit as the most efficacious or effective way of giving allowances to the people. I just want to draw it to his attention that in view of what he has just said about using the tax credit method and not believing in the increasing of allowances since it helps the upper income wage earners of Barbados, that this does strike me as a promise made to the taxpayers and voters of Barbados but which now he is in Government is forcing him to alter this promise to everybody; whether you are in the high income or low income you were expecting from that promise to get an increase in allowances, and the Prime Minister is now saying he is using tax credits to help the smaller man, when in his Manifesto he made a promise to everyone who did not have an allowance and was expecting an increase.

Mr. TAITT: Mr. Chairman, I want to ask two very quick questions. The first has to do with delicacy of language. I wonder whether the Attorney General would look at section 4(a)(1) on page 2 and confirm that the words are exactly what they are intended to mean, the section beginning: "Notwithstanding anything contained in this Act, where an individual resident in Barbados was during any income year in receipt of a gross assessable income of not exceeding suchamount as shall be

prescribed and such income was assessed as being taxable, that indivudual is entitled to a tax credit to such amount as may be prescribed." I just want him to say if that is precisely the language they wish to use.

Secondly, I raised the question during the second reading which perhaps the Prime Minister did not note, and I wonder if he is in a position at this point to say anything on it. It was a point I raised quite seriously about the forms used for reporting of income, and I contended that the female in a partnership is under some obligation to make revelations in her returns which I consider to do some violation, however small, to her privacy despite the fact that she might be married to a man. I feel very strongly on this. Incidentally I hope that in the response that I am not going to be told that it happened under our regime, because that is totally immaterial. And I wonder if the Prime Minister is in a position to make a short statement on the state of refunds of income tax. With the Christmas Seasons coming on there are still large numbers of persons who have not got their tax refunds and I wonder if the Income Tax Department has at long last got the required cheques, and I would like to get a statement from the Prime Minister.

Hon. H. deB. FORDE: To reply very briefly to the Leader of the Opposition, he really rushes in without thinking very much on these matters. If the Leader of the Opposition had taken the opportunity to read the financial statements and Budgetary Proposals delivered in this House on April 15, 1977, he would realize that the Government has increased tax allowances, and he would also realize that the Government has introduced a new allowance for children's school fees. So that by way of carrying out part of the Manifesto promises, part of that promise was honoured as early as April, 1977. For the benefit of the hon. member, what he must understand is that there are many ways of giving benefits and to explain to him again that if an allowance is given at a high level across the board, the benefit of the allowance to the people in the higher income bracket will be much more substantial than the benefit to the people in the lower income bracket. So there are certain areas in which you will attack the problem by way of tax allowances and there are other areas in which you will use the tax credit, because the Government believes that at this time the people in the higher income bracket should pay more into the treasury to subsidize those who are unemployed or cannot earn as much. Itsis as simple as that. So there is no retreating from the promises of the Manifesto. I continue to hear this talk which might be good enough for the political platform. We are proceeding to honour the promises in the Manifesto and will honour them during the five years, and we will honour them in good time and we will honour them effectively. But we will not be frightened into panic measures, no matter how many political speeches you make in here or on the platform. The Government has a style, it has a rhythm and it has a programme, and we are not going to be pushed into panic measures.

Rt. Hon. J. M. G. M. ADAMS: To deal with the point of the hon. member for St. Michael South West first about the situation with women and privacy in their income tax returns. This is a point which we have considered, and the allowances in general are under review. The Leader of the Opposition took a false point, I think, but that has been very well dealt with. We have increased the allowances for children and we are giving in another way as well what we didn't even promise in the Manifesto. So that as I see it, we are doing even more than we promised in the Manifesto, not less. But the review of the allowances in general is also considering whether the relationship of marriage should be also recognized by the Inland Revenue. This is a country where only one third of the adult women are married, and one third of the men, and therefore one wonders why that one third of women should be put under a disability nobody else is put under. There are already visions for dividing child support between unmarried parents, so we do not foresee any difficulty in dividing child support between married people where they live apart or whatever; give them a chance to elect to take half of the allowances each or whatever.

All of this is a mere detail. The Government is interested in promoting savings and therefore although there may be some loss to the revenue in separating husbands and wives completely, so that the wife can now claim the full insurance allowance as well as the husband; there will be some loss involved in that, but we do not feel that it is a loss which will be deleterious to the economy as a whole, because a large number of married women will have to take out insurance policies and thus increase the savings stock of the country. And one or two other areas where husbands and wives are still regarded as one flesh for tax purposes we believe can very well indeed be afforded – perhaps not afforded, but we believe that this is something at which we must take look; and in the process of taking a look the problem enunciated by the hon. member will vanish because the husband and wife will make different tax returns and they will both have their full privacy. I hear the hon. member for Christ Church South Central saying that the only problem you will get is where you have two households. The hon. member is too sanguine; there are many households in which the wife has financial business which she would rather conceal from the husband if at all possible.

I beg to move that the Clause stand part.

6.15 p.m.

Clause 4 was called.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, we want an amendment in Clause 4. The amendment has been circulated, and I would not like to read it all through unless hon. members ask for it to be read. There are a number of lines, but the substance of the amendment is this. After we had drafted the original Clause – this is really some time ago, Sir, but things occasionally move slowly through Ministeries, and it is not the fault of the Draftsman. I have to plead guilty to staff shortage and other such matters in my own Ministry – the fact that there are many link companies in Barbados occurred to me, and I asked for a form of words which would prevent, for example, Barbados Shipping and Trading and DaCosta's from dividing salaries in excess of $40,000. For example, each of them paying the man $30,000 and saving the tax that way. The Draftsmen, and I am much obliged to them for coming up with a new sub-clause. The effect of the new sub-clause should be that any person employed by two or more related companies or by one company can be paid anything that his employers wish to pay him, but above $40,000 it comes out of profits and no part of it will come out of the revenue.

I want to repeat what I said initially. This is because at a time of restraint, we think, that salaries of $40,000 can be considered a reasonable maximum that the revenue ought to be contemplating in Barbados' economic conditions as there are today. There are some companies for which, I believe, this will be a great burden. I was very distressed to find one particular multi-national organisation I will call it, which has six or seven employees – I have mentioned it in here – with salaries ranging between $72,000 and $84,000 on a basis, I would have thought, of very limited qualifications. I have no idea what the income tax liability of that company is, but it will clearly have to choose between respecting the susceptibilities of West Indians and of Barbadians in particular and its own profit and loss accounts.

Sir, why I keep harping back to this company is that in one particular case I noted that they advertised for an accountant at a salary of $19,000 a year, and said they could not fill the post from among West Indians and employed a comparatively young Englishman at a salary of $57,000, and then sought a work permit for him. I noticed that on their employment list were one or two young graduates from Barbados and other Caribbean Islands with excellent degrees from the University of the West Indies – first class degrees in economics and related subjects, not one of whom was working for more then $21,000 a year. These, admittedly, were people in their early 20s, while there were people in their 20s and early 30s, not total expatriates, not one of whom was working for less than $50,000. Well, I do not think that the public will complain if a few multi-national companies in Barbados have their toes slightly trodden on in this particular matter. You can pay the luxury salaries if they are worth that to you, but the Government of Barbados sees no reason to subsidise these luxuries.

There is one point I would make in relation to the Second Reading speech of the hon. member for St. Michael South West. Emolument has a much wider meaning than salary, and we are as aware as he of the means which companies seek to use to avoid taxation on their employees at a personal level. We are fully aware of the trips overseas, the expense allowances, the motor cars and so on. We know all of the fiddles that can very well go on. It is all embraced with the term emolument, and you are not dealing with a matter that calls for Government decision and principle. What you are dealing with is tax collection. When you talk about these side issues, you are dealing with the Commissioner of Inland Revenue and his efficiency in getting at the hidden emoluments paid by companies.

I do not know if the Acting Commissioner is listening to me now. I do not feel that it is necessary and proper for me to send individual examples that come to my notice if they came to me privately, but I have had something very recently regarding somebody applying for a work permit or the renewal of a work permit at a salary of $27,000. When he first asked for the permit two years ago his salary was $21,000, but in the interim his assets have increased from $23,000 to $88,000. In two years on a salary which totalled $54,000, according to the forms that he has filled out and supplied to the Inland Revenue, he was able to increase his assets, his investments, his house ownership, his motor cars, his fixed deposits, his recognizable investments that we can see in Barbados by as much as his total salary that he was paid over the two years. *(Asides.)* That was a Bank, Sir. All of these things we are aware of, and when they come to our attention officially, then the attention of the Commissioner of Inland Revenue is drawn to them. Goodness knows, Sir, that we in here get no hidden benefit of any sort for which I am aware that the tax man is not aware of. If these benefits exist, Sir, we have not so far discovered them since being in Government.

I beg to move that the amended clause stand part.

Hon. H. deB. FORDE: I beg to second that.

Mr. ALLEYNE: Mr. Chairman, I well appreciate the sentiments of the Hon. Prime Minister, but I wonder if this Clause is not fraught with some difficulty. I would like to know, for example, if there is any definition for the term "Related Companies" because I do not see one in the Bill, nor do I think there is one in the main Act. I suspect that that interpretation may cause some difficulties, so far as the commissioner is concerned, when he is trying to enforce these Regulations.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, this point has been taken in my Ministry, and we are advised that, although there is no definition, it is not anticipated that it should give the trouble the hon. member is hoping for, speaking as a tax lawyer, Sir, or is seeking to guard against speaking as a Member of Parliament with the revenue in mind. That is all I can say, Sir. The Attorney-General's Office has advised that "related Companies" is a term which can be construed by the Court. After all, Sir, every word in an Act of Parliament must be given a meaning as far as it can be; therefore, the Courts will have to address their mind to what they understand by "related companies".
6.25 p.m.

We cannot make it any wider, Sir. We are not saying link companies because link companies would not quite convey the true meaning. We cannot say associated, because associated has two wide a meaning. Subsidiary companies would also not suit, because what happens where two companies have a common subsidiary but are not themselves linked one subsidiary with the other, and very often they may be related but may not be linked although they might be associated.

We could talk about these verbs for a long time, Sir. I am only suggesting to hon. members that we try related companies, and as happens in every country of the world – I dare say it happens in the Soviet Union as well – where if you find somebody has found a way to beat the tax you then change the law in the fullness of time. The point has been taken and we are prepared to accept the advice.

The question that clause 4 as amended stand part was put and resolved in the affirmative without division.

Clause 5 was called.

Rt. Hon. J. M. G. M. ADAMS: Clause 5 is where we carry out a promise in our Manifesto about the allowances, and many people have benefited from them. I think it was in the absence of the hon. member for St. Michael South West – I wish some hon. member had reminded me – but I will just deal with the refunds under this.

There have been 38,000 refunds paid so far. A very large number, Sir, and we had quite a strain on our resources. We are aware that the tax credit system necessarily creates many requests for refunds, although we think that in training a whole generation of taxpayers to make returns, that we may be doing them a service in the long run, getting the whole population to the idea of taxation. There are 5,000 more returns to be made, including at least I hope one person whose name begins with "A", and it is very much hoped that these refunds will be made before Christmas. We are planning that all income tax refunds be paid out before Christmas, the 5,000 more which remain hon. members will appreciate that since we hope to make refunds of 43,000 out of 52,000 taxpayers, that we are dealing with a major exercise.

I beg to move that clause 5 stand part.

Hon. H. deB. FORDE: I beg to second that.

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

Clause 6 was called.

Rt. Hon. J. M. G. M. ADAMS: This raises the corporate tax, Sir, which should bring in the 5% of $18.8 million, however much that is, it should bring that into revenue, since that is the figure of the taxable income of taxpayers over $30,000 a year. It is almost $1 million. That would have been the effect in 1976. Perhaps it will bring in $1 million in 1977 and we will have a few dollars of the high taxpayers' money to make available to such tax credits as we may decide to give in 1977.

I beg to move that clause 6 stand part.

Hon. H. deB. FORDE: I beg to second that.

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

Clause 7 was called.

Rt. Hon. J. M. G. M. ADAMS: This is company taxation, Sir. The basic rate we are putting at 45%, there is this section which imposes 5% surcharge, that will be found in clause 8, section 64D. I will just deal as far as I can with the two together.

It was suggested by the hon. member for St. Michael South West that we are imposing the 5% because we now discover that we should not have taken off the 5% sales tax. The taking off of the 5% sales tax created a lot of business expansion in 1976, led to significant increases in employment in the last part of 1976, we believe we assisted the garment industry a lot, we believe that the expansion of the sale of garments locally and the preservation of employment in the garment industry was also due to the removal of the 5% sales tax, and we are well satisfied with the mild reflation of the economy which has led towards private plenty to which I referred

and to which the hon. member for St. Michael South has also adverted, and we have no apologies whatsoever for taking it off.

What I want to hear is, when they go on the platforms instead of talking of the 5% increase, I want the members of the Democratic Labour Party and the former Minister of Finance to come out and say you should still have the 5% sales tax and that is the policy of the Democratic Labour Party. So that we should not have taken off the sales tax and kept down local garment production, kept down local economic conditions when perhaps there was a little window through which some light could have been allowed to come.

It was always intended that in addition to the 45% there would be some further taxation on companies. The budget speech made it really quite clear. The employment levy was not imposed during 1977, and therefore we have taken up the slack of the employment levy with this 5% surcharge. That is the beginning and the end of it all. The companies which escaped the employment levy during 1977 will have to pay it over to the Government in the form of a special surcharge, and I would want it known in the middle of all this talk of small business, some non-incorporated business do not have to pay this themselves if they remain full beneficiaries of the removal of the trade tax, and you cannot in my opinion expect to give a small business a tax benefit of more then 10% or 12% in the circumstances existing in Barbados at the present time.

Instead of the hon. member for St. Michael South West thanking the Government for relieving small businesses, instead of thanking us for what we are able to do we are being told to do more for the small businesses. 6.35 p.m.

We have given small business a shot in the arm, at the expense of the revenue; and we have absolutely no reason to believe that they are not benefitting from it. With the plans which the Ministry responsible for cluster areas is working on, where small artisans, shoemakers, tailors and whatever can get together in one area and work in congenial surroundings and conditions, with proper work rooms when these plans come to fruition. You will see what we are doing to assist small businesses and the small self-employed man. I do not think that it is really fair to criticise this Government for doing nothing for small business. We are giving them a tax grace period, and we are on the way to giving them the biggest promotion that they have had for the last 15 years.

I beg to move that this clause stand part.

Hon. F. G. SMITH: Mr. Chairman, I only want to say that it was the Democratic Labour Party that built that outstanding place that they have on the Harbour Road. Do not think that you are starting anything new. We started that. It was finished in your time, and it was opened by the member for Christ Church East.

The Democratic Labour Party has said and will continue to say that the removal of the 5 per cent sales tax was to honour your manifesto; but economically it was not sensible. The view of the Democratic Labour Party is that it should not have been removed and that is why today of the $6 or $7 million that you should have been getting from the sales tax, you have not received cent one. You are out with the sales tax, and you are out with trade tax. You are out $11 million.

Hon. H. deB. FORDE: Mr. Chairman, there is no fool so unwise that he will not take an opportunity to gather wisdom. I thought the Prime Minister had provided the hon. member with a wonderful opportunity to recognise the errors of his ways; but he will persist with political antagonism on this point, because it was this point that lost them the Government. When ths sales tax was first introduced in this House, in Opposition we told the then Prime Minister that he was making an error, and that you had to look and see how taxation was going wide and large. Why does not the hon. member suggest that we abolish all income tax then and have all systems of indirect taxation? Why does he not say that? Because the sales tax was that type of tax; and it was hitting the man in the lowlliest rungs of the ladder, as it hit the man in the highest rungs of the ladder. The hon. member must know that. He was told that in no uncertain terms. Clothes became more expensive to the poor school children that you are talking about, the repair of old peoples' houses that you talk so much about; because it cost them 5 per cent more on everything they bought, from nails to anything else. This has been removed.

It was only subsequently after we hammered you that you came down and made amendments to drugs. Let us go back to the debate. The then Minister of Finance brought in a bad tax. He took it from Pennsylvania and some of the other states and he thought that he was on to a good thing. You lost the election on it. If you want to fight us in 1981 on that, we are willing to fight you on the sales tax, and the wisdom of its removal; but I think that surely as far as the Garment Industry is concerned it has shown that it has had an effect.

To talk about losing money on various things – let us go back to the 5 per cent surcharge on companies during the year 1977. The reason for this simply is that until they got the full effect of the employment levy, I am sorry, the unemployment levy. It gives me an opportunity to make this point. During the period that we were in opposition we asked the Government on the other side – the Democratic Labour Party at the time – to institute a training levy. The hon. member for St. Lucy

made his position clear at that time, and said that he used to criticise his party from the back bench on this matter; but I well remember his speeches and the speeches of Mr. Frank Walcott who was the then member for St. Michael West, and my own speeches on the sales tax and the wisdom of its removal, and the speeches of the present Prime Minister on this particular matter; and one of the reasons why he was saying that we needed a training levy was to answer the exact problems of which the hon. member for Christ Church East spoke today, and the hon. member for St. Michael West recognised the point as well.

Part of the use of the tax must also be for export promotion which is another of the strategies you have if you are going into the whole question of productivity and wanting to sell your produce overseas in order to increase the national cake. So one has to look at the total measures. If the hon. member wants to harp on the sales tax, I hope that by 1981 I see him on platforms talking the same thing at the same time. In fact he is going out, so he does not care; but let that be your platform from now until 1981 and see if you will not lose the seven seats you have.

The question that Clause 7 stand part was put and agreed to.

Clause 8 was called.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, this is a longish clause. In the new Section 64 (c) we are asking to insert in the ninth line of sub-section (1) – the word "individual" which seems to have been left out. It should be "that individual, bank, money lending institution, company or attorney-at-law." The word "individual" was erroneously left out, Sir. In the new section, 64 (d) we want to give a date for the payment of the 5 per cent. We are giving them up to the 30th of September next year. It has come at the end of the year, Sir, and we do not think it unreasonable to give them up to the second half of their payment to pay the surcharge. We are asking to delete the words "payable by" and substitute the word "or", so it will read not later – rather it will read that they pay the Commissioner not later than September the 30th, 1978, a surcharge which is 5 per cent of the taxable profits of that company in that income year.

The bad arithmetic of the hon. member in keeping on insisting that somewhere we are giving back to the people $11 million – I have not really taken the Leader of the Opposition seriously enough in a financial role, as far as I can recall, but to try to correct him; but he really must not assume that anything has been given back in relation to the trade tax and the corporation tax in particular; because the corporation tax projected for 1977–78 at 40 per cent is 29 million dollars. He will find that in the Estimates of Revenue. Now the actual rate for 1977 will be 50 per cent. Therefore he has to add on that figure which is a quarter of that per cent – $29 million – and see what the estimates of revenue will be.

6.45 p.m.

Things will have to go very badly during December, the whole of Broad Street would have to stop selling during December, or some means of deferral of profits found in next month if the hon. member thinks that increasing the effective level of corporation tax by 10 per cent in this country is only going to produce $5.5 million which is the trade tax projection. The reference is page XIV of this year's Estimates. I think it very unfair of the hon. member for St. John to hide the book from the Leader of the Opposition. I think he really ought to show it to him instead of turning the page from him. As far as the sales tax is concerned, the hon. member for St. John ought to be able to tell hon. members on his side that one of the purposes of the sales tax was not just revenue, but it was also a deliberate reduction of activity at a time when it was thought desirable, during a period of inflation, and to reduce purchasing power and reduce the wild chase after goods. It was as somebody said.....(Rt. Hon. E. W. BARROW: You have just read the World Bank Report!) I think I read the World Bank Report some time ago and mentioned it in here and was criticized for repeating some of it by the hon. member for St. John too. I have read the World Bank Report that he read and I have had the privilege of reading one or two that he has not had the privilege of reading too, the more recent ones; and the removal of the tax had to some extent a revenue-generating effect since the volume of transactions immediately expanded. I am not saying *post hoc ergo propter hoc* – today seems to be a day for Latin – but I am saying that immediately the sales tax was removed that the volume of economic activity in Barbados increased. There were other causes but that was one of the contributory causes, and many of the things on which trade tax was imposed began to sell in greater volume. Then came the Budget and many of the things on which the 5% sales tax was removed had a larger consumption tax put on them, and so although the 5% sales tax was removed, some revenue was generated by the increased volume of business, and more revenue has since been generated by consumption tax of a more selective character in imported goods and not on locally produced goods like locally produced clothing. And I repeat I have no apology for removal of the sales tax.

Rt. Hon. E. W. BARROW: I am very glad to hear the Hon. Minister of Finance admit that after the removal of the what he described as iniquitous sales tax the price of the commodities were not reduced to the consumer.

Rt. Hon. J. M. G. M. ADAMS: On a point of order.....

Rt. Hon. E. W. BARROW: If the hon. member would listen, he said that consumption tax took up the

slack on the same commodities and also I will remind the hon. member that one of the first things that he did was to increase the Port charges which went on every single item coming into this Island, including items that were not subject to sales tax. Now quite apart from that every person who buys goods in Barbados knows that even where consumption taxes did not take up the slack and the increased Port charges did not affect the levels of prices that the merchants themselves never reduced the prices of the goods to the consumer, and they put that extra money in their pockets; and they ought to know that; so I do not know *qui bono,* to whose benefit it was, except that the revenue of this country suffered to some extent, which the hon. member who has just sat down said he made up by putting on consumption tax. Now this is what I understood him to say, but I am very glad that he referred to what he described as page XIV of the Estimates, because that is the biggest bit of juggling that I have ever seen Civil Servants commit in any printed document.

I want to draw it closely to your attention, so you will have to follow quite closely. The Hon. Minister would know that the Estimates are prepared between the month of October and the time that they are presented here in the House. We had nothing to do with the preparation of the Estimates for 1977–78 and he must take full responsibility for what appears in it. Now he made one cardinal error in the presentation amongst others. H said categorically, and I repeat, that the trade tax was 12%. What he did not seem to appreciate at that time was that the effective rate of tax on companies was 52% made up as follows: that for years and he has been the Chairman of the Public Accounts Committee and Leader of the Opposition for a substantial period of that time, at least ten years, the Trade tax was fixed at 20%. It was 19.5% and I changed it to 20%; I rounded it off throughout the Island, but if you made $100 profit the trade tax came out which was $20, and then for the whole period of my term as Minister of Finance the rate of companies tax was 40%; so you paid 40% on $80 which was left over, and that made $32, and you added the $32 to the $20 which was paid as trade tax, and your effective rate of tax was 52%. When the hon. member for St. Michael South West tried to point this out, he was ridiculed, but here you had a Minister, only the second Minister of Finance that Barbados has ever had, making a 3½ hour or three hours and 23 minute Budget Speech who has sat in this Chamber for that whole period of time and did not know the laws of Barbados, did not know even after he had assumed office that the rate of trade tax was 20%, because somebody told him that the effective rate was 52% and he took off 40% from 52% and came up with a trade tax of 12% and did not know the simple arithmetic by which you arrive at that trade tax.

Now I want to take him up on page XIV of the Estimates and tell him that anybody who put in these figures, and I do not mean him, would be trying to mislead the whole House of Assembly. We did not get the opportunity to reply to it, but I am going to demonstrate to you beyond any shadow of any kind of doubt reasonable or unreasonable. If you look at this page, knowing that he was going to take off the trade tax, he tried to make it appear that the trade tax was only a few million dollars. The corporation tax in 1976–77 was $18.5 million. The Corporation tax revised was revised to a figure of $24 million for 1976–77. Up to this moment now six months after the end of the financial year, the Ministry of Finance or the Minister, neither of them, has given us the out-turn figures. He rushed in here with a budget. I used to wait three, four, five or six weeks until I get the out-turn figures on which I could accurately base some projections for the financial year. With a deficit of over $50 million he did not know and we do not know up to today what the out-turn figures are, but the revised estimate was $24 million

6.55 p.m.

With a deficit of over $50 million he did not know, and we did not know, up to today, what the outturn figures are. But the revised Estimate was $24 million, so that the amount of corporation tax went up by 33⅓%. Follow me very carefully. The trade tax which is based on the same tax base as the corporation tax but which comes out first, did not go up at all. Now it stands to reason that if on a 40% you are going to get 33⅓% more on your corporation tax, you have to get at least 33⅓% more on your trade tax. As a matter of fact, a little more than 33⅓%; perhaps more like 35%. But let us say you get the same 33⅓% more. But do you know what the geniuses did? The trade tax when revised remained at $5.5 million although the corporation tax went up. But what is worse, in the Estimates for 1977–78 when the corporation tax took a further leap upwards to $29 million, because the trade tax was coming off, that remained at $5.5 million. So it remained at $5.5 million in three columns while the corporation tax went from $18.5 million to $24 million to $29 million. The trade tax which is fixed at 20% and is on the same tax base as all company profits as corporation taxes remained at $5.5 million. So the Minister of Finance can get up with aplomb and say the Leader of the Opposition is making so much noise about losing money; we did not lose any money, it is only $5.5 million. But if you calulate it, it is 11/18 which gives the percentage rise, just like a 60% rise in the corporation tax and a 60% rise in the trade would give you a figure of $8.6 million. That is what was handed back to the merchants of this country. What did they do? He increased in his Budget Speech the corporation tax from 40% to 45%, but now there is no trade tax, so he gets back a

little more but he does not get the 52%. And now he comes up with a surcharge of 5%. But that surcharge of 5% can in no way bring you up to 50%, because in the same way that the trade tax does not give you up to a crude figure of 40 plus 20, so 45 plus 5 does not take you up to 50; because when you take out the 45 and then check out the surcharge it does not bring you up there because you can see the corporation tax for the year 1977 is 50%; try and work it out and you will see *(Asides)* Don't mind what I would have done; I am telling you the effect of what you have done.

I am telling you the effect of what the draftsmen have put in here. The 45 plus 5 does not necessarily bring it to 50; it depends which end the 5% comes out of. If the 5% surcharge come out first and you then take 45% of the rest you are not going to get 50%; so there are still left with less than 52% when we add on the trade tax. And what did the hon. member say here? He said that the merchants found it a nuisance. I find my income tax a nuisance, such a nuisance that I have to try to pay somebody to work it out for me, and I do not think I am the dumbest person when it comes to arithmetic and I think I know a bit about taxation. All of us find taxation a nuisance, but that is no ground in a year when you have a deficit of $50 million; and now half the financial year is gone and you have a deficit of twenty something million dollars; and out of a capital expenditure of one hundred and something million dollars you have only spent $28 million; so there is bound to be a slow down in the economy. And all of that $28 million that has been spent is money that I raised through the International Development Bank and other institutions. People want to know, the Trinidad Government wants to know what happened to the $10 million that was to go to the shrimp industry. I cannot find it in the Accountant General's report at all. Those are the things we want to know. Don't tell us only that the economy is booming. Don't tell us about all the employment you have been generating. Name the places where the people have found these jobs, because the young people who are liming in Broad Street do not know where to go for these jobs. I know about one, a carpenter that I got through the people at the Labour Office. The stepfather of the Leader of the House told me today that he has been looking for ten carpenters and can't find them. I told him that I have one, thank God, but where are all these jobs. The young people who are ringing me up every day want to know where are these jobs that you are creating. When we were in the Ministry, we could say we provided 300 new jobs at this computer factory, 100 may be somewhere else. We could tell you where the jobs were, but all you can tell us is about the statistics about jobs. Well let me tell you something: do not go by those statistics, do not go by national insurance, as I told you before, because the national insurance statistics will show you that 147,000 people are employed in Barbados when the Labour force is only 101,000 or 102,000; they will show you more people working than there are of working age, because they do not have a system of striking off people, and some people are registered under more than one name, and all other kinds of things, so you can't go by them. And don't go by the people who are doing sample surveys because they are the greatest body of untrained people you can find. You will find that I have been very critical about some of the things which they wrote that were very favourable concerning the employment levels in Barbados. You know what they understand by sample survey? They seem to think it is like when you went to the Exhibition and got a sample chocolate or a sample of Salada tea; they do not understand the first thing about statistics. Do don't tell the people who are looking for jobs about statistics, because they won't believe it. And don't tell us the economy is booming, because up to yesterday the manufacturers have said that business is dead. Don't say factories are not closing down, because young girls and young men who have been thrown out of work know that they have been closed down; they know that, and your credibility is going to suffer. So I want to tell these civil servants not to insult the intelligence of the members of the House by telling us that the corporation tax can rise from $18 million to $39 million in two years and the trade tax has to stay at $5.5 million when it is on the same tax base. That is an adulterated, fradulent presentation of Estimates by them. It is an insult to the intelligence of the members of this House to come in here with figures like that. They have been misleading you, because you came here today and quoted these figures in order to correct the Leader of the Opposition.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, much as I enjoy Nestle's chocolate, we have to be serious because it really is a pity that after so many years as Minister of Finance the hon. member for St. John can still say that the trade tax and the corporation tax are charged on the same tax base. I have always said that the hon. member really took leave of his governing powers in the aftermath of the 1971 General Elections, and evidently although he imposed a corporation tax he was unaware of its application, because the great and fundamental difference between the trade tax and the corporation tax is that the trade tax is charged on an average of years past and the corporation tax is charged on the current year.

7.05 p.m.

This is why the equation of 40 + 12, or of 32 + 20, had never been an accurate equation. It can only be an accurate equation if corporate profits remain at the same level for four years. When corporate profits rise in absolute sum as they have been in Barbados for many years now, except perhaps in 1977, the incidence of the Tradé Tax diminishes from the effective 12%. It diminishes from that and, in fact, the most recent statistics indicate that it is now only 7% Corporation Tax. The whole elaborate device which the hon. member has built falls

down as even his premise that Corporation Tax and the Trade Tax are on the same base. The Trade Tax is based on an average of four years in which you may have lost money, but the Corporation Tax is based on current profit. I do not want to go any further into it than that because, curiously enough, I believe there is something in what he says about faulty estimations of the Trade Tax. The reason he gives for it is either the wickedness of public officers or their ignorance, but that I do not myself accept. The Estimates of Revenue are, of course, not based paying careful attention to the Estimates of Expenditure.

As far as I know the only legal requirement in the Estimates of Revenue is that there be an Estimates of Revenue so that you can assign a receipt to it, and the overall Estimates of Revenue are important because the Government's overdraft at Central Bank, or at any Bank, is limited to 10% of the estimated revenue. No Government, as far as I know, has tried to take advantage of this and get a bigger overdraft by overestimating revenue. In fact, the trend has been to underestimate revenue, but the Trade Tax estimations have had their difficulties.

Sir, for 1974–75 the estimate of the Trade Tax was $5.5 million. This had to be revised downwards to $5 million and the reason, apparently, was that they were generally maintaining, as far as I can judge, the broad relationship between the 40% and the Trade Tax of 3 to 1. In fact in 1974–75 the actual revenue was under $5 million, and the estimate which had been $5½ million was revised down and, evidently, this frightened the estimates for the future and, therefore, until the Trade Tax was abolished the estimaters continued to estimate $5½ million Trade Tax.

Rt. Hon. E. W. BARROW: On a point of order, Mr. Chairman. A part of what the hon. member said is correct. Would he like to explain, if it was based on a running 4-year average, if you went down to $4 million in 1974–75, how is it in 1975–76 the actual Trade Tax was nearly $7.4 million? If your average dropped below $5 million, therefore, the amount you could assess would, necessarily, have to drop below $5 million as well. In fact, it went up by nearly $2½ million. That is the actual amount collected, and that was due to the fact that in that year we made the companies pay the money. It was based on the actual profits.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, I am not sure I understand the last statement but, in fact, the revenue did rise in 1973–74 from $4.7 million to 1974–75 $4.9 million to 1975–76 to $7.4 million. I do not have the earlier year. *(Asides.)* It is $7.36 million. I really do not know how they made the estimation. The ordinary way, presumably, would be to add those three together, project your projection of corporation profits, whether there was going to be an increase or not, for 1976–77 and, in fact, the estimate for 1976–77 showed a much reduced estimate for Corporation Tax. Therefore, you would be working on a basis of your four years in which you got tax of $4.3 million, tax $4.9 million, tax $7.3 million and, presumably, tax of in the region of $5.5 million, if you maintained your ratios with the Corporation Tax. When you average out the four, you are going to find that you still arrive at the figure $5.5 million. I just mention that. I do not know if that is how it was done, because that would be a way of justifying it logically.

In fact, it appears that the figure $5.5 million is the figure they selected and projected. I do not believe that the hon. member would suggest that we were likely to have got $7.3 million in Trade Tax. I do not think he would suggest that, because just as the Corporation tax collection naturally fell from the year of high sugar prices, so would the Trade Tax even though it was not levied on the profits of the Sugar Companies. They were levying on the profits of the Trading Companies which dealt in sugar. DaCosta is a sugar exporter. All the sugar comes down to DaCosta's bond, and DaCosta is a great sugar exporter. Therefore, I think it was reasonable to assume that the $5.5 million could not have been $1.8 million out. It may have been a little less.

Rt. Hon. E. W. BARROW: On a point of explanation, Mr. Chairman. The year in which he thinks that the rise in taxation was due to high sugar prices is not so. That was due to the change over in the tax system. The plus $16 million was not due to the high sugar prices. That would come in the year 1975–76, because it was the 1975 year of income and the 1976 year of assessment, so that when we anticipated an actual drop in the 1976 year of assessment, because we had collected an additional $16 million from the Companies from the year before because of the change in the system of taxation, we actually kept up the level. We only dropped a $1 million because of the high sugar prices. The $7 million was due to the change over and the direct application of the Corporation tax and the Trade Tax on the Companies' profits for that year. That is the explanation. You will see a + 16 there on page 14.

Rt. Hon. J. M. G. M. ADAMS: That is not tax.

7.15 p.m.

That was due to the changeover of the system. That is not income tax – I am sorry, it is +10, +7, +16 – that was + 10. We had a big jump and you will see then the next year, if you look at the 1976 Estimates, you will see there was a drop from $30 million down to $18 million, but in truth and in fact it went up to $24 million. That was the sugar. The drop was because we had collected all

this money by virtue of corporation tax, so we dropped back in the Estimates to $18 million, but because of the sugar prices we went up to $24 million, but what I am saying is that the trade tax should have gone up as well.

Rt. Hon. J. M. G. M. ADAMS: I do not want to go into details, I am actually embarrassed. The hon. member is about 30% right. I am reminded of the poem which has a line which goes like this, "the shadow which once was great", but the years he is talking about are for 1975–76 and 1976–77. In 1973–74, the first year of the corporation tax, $14 million was collected, in the next year $27 million was collected because of the change of the system. That was 1974–75. In 1975–76 there was an unexpected collection of $30 million because of unusual profits made in the year 1975. Both the years 1974–75 and 1975–76 were years of exceptional collection of corporation tax. This was because of the inception of the new system, and $27.6 million was collected the first year, and the next year actually improved on the double collection because of the sugar. They were two exceptional years of collection.

I hear all about it was not introduced in 1973, and this, that and the next. The facts are simple, that in 1973–74 $14 million was collected, in 1974–75 it was doubled and amounted to $27 million, and the fact that there was a double collection is revealed by the fact that there was less than $5 million in trade tax collected. So 1975–76 was a year of unusual profits, and $30 million was collected. So 1975–76 was a year of unusual profits, and $30 million was collected, and $7 million in trade tax. They are the facts and no amount of arguing will change that. They are public, go and read them, once it is possible to understand, and in 1976–77 I myself tended to think that the estimate of corporation tax was a little generous, and perhaps the estimate for trade tax was half million out, but the figures could not be called further out than this.

I can only say that hon. members must believe that a quarter of the corporation tax in recent times is borne by trade tax. This has been so, and the 50% corporation tax rate, according to my advisers in the Ministry of Finance, in BIMAP and outside – indeed tax experts from the university – will bring in more than the trade tax. I am satisfied from my own calculations that that is correct, but nobody except the hon. member for St. John – and I have not heard the hon. member for St. Michael South West today – nobody apart from those two persons in all mankind has put up a contrary argument.

All agree that the collections of trade tax cannot be expected to reach the level of 25% of the corporation tax. We all agree on that under present day conditions, and therefore we are losing no revenue by raising the corporation tax rate to 45% and imposing a 5% surcharge.

Mr. TAITT: On a point of order. I am not sure what the Prime Minister said when he said somebody over here said something, but nobody on this side has ever said anything about a quarter of the corporation tax.

Mr. CHAIRMAN: No point of order.

Rt. Hon. J. M. G. M. ADAMS: Nobody has said it because they do not understand it. I agree with him.

Mr. TAITT: But he just accused us of saying it.

Rt. Hon. J. M. G. M. ADAMS: I cannot deal with these people, Sir. There is a certain indivisibility of ignorance that cannot be penetrated. I believe the hon. member for St. John suffered from *idee fixe,* fixed ideas, and bends the facts to accord with the ideas. I withdraw that, Sir, if it is unparliamentary, but the hon. member for St. Michael South West genuinely and basically and deep down in his mind understands. That is his problem.

I share some of the hon. member for St. John's concern about the statistics we are receiving for sample surveys, but indeed on the last occasion we went very carefully into the Barbados Development Bank's claim that 1,700 jobs had been created as a result of monies disbursed by the Bank direct, and the Hon. Leader of the Opposition should by now have been furnished with a list of all the places and persons where these 1,700 jobs – in fact the exact number is 1,702 – are employed. I hope the Leader of the Opposition has got the list. If the Hon. Leader of the Opposition shows that list to the hon. member for St. John I hope in future we will not be accused of victimisation, because he will see quite a number of Dems on that list. I believe that the Leader of the Opposition has the list.

Hon. F. G. SMITH: Mr. Chairman, I have no list.

Rt. Hon. J. M. G. M. ADAMS: I am very sorry if he has not got the list, I wrote on it "please send to the Leader of the Opposition," but rest assured that the list will come some time. It was here in the House, I do not know what became of it. I do not believe the time of the House should be tormented any longer by these matters. I believe the hon. member for Christ Church West is going to deal with the question of Port charges at the relevant time.

7.25 p.m.

Now with the 5 per cent sales tax the price on many things went up. The cost of living figures show that since the sales tax has been removed there was a fall in the cost of living. And you can look at the Central Bank Report. The one for 1976 specifically said that there was

some decline on the removal of the sales tax. If you put it on again, how could the cost of living go down? It is like somebody very ignorant who wrote to the Advocate and said, that if the 5 per cent sales tax removal reduced the cost of living and held down the rise by whatever it is, then as far as he was concerned, the cost of living had still gone up and he added back in the sales tax. So that is an example of a deep and fundamental ignorance of economics. Taxes are part of the cost of living. Consumption taxes are part of the cost of living. The cost of living is the price of goods to the consumer. The figures that I know where indirect taxes are omitted, sometimes, are national income figures. You get two sets of national income figures, a net national income and a national income including the indirect taxes.

I hardly know the historical reasons for that. I just know that the national accounts are published in that way; but to say that the price of gasolene is not in any way related to what it costs to make the gasolene at Mobil Refinery in Barbados? It is related to that plus the tax which the Government takes. So when they increased the price of gasolene this year the cost of living went up. This is one of the things the Government had to do, and it had the unfortunate effect of increasing the retail price index figure by something like 1 per cent. But, taxes are a part of the cost of living. We took off the sales tax. The cost of living index fell, and yet over and over and over you hear that the sales tax did not make any difference. The figures are collected and published. You can read them if you can still read, and see that the cost of living fell in a month of the removal of the sales tax. That is what the Central Bank said. *(Asides)*

Mr. CHAIRMAN: No cross talking please.

Rt. Hon. E. W. BARROW: I rise on a point of explanation, sir. The hon. member said that the Corporation Tax was introduced in 1972. The Corporation Tax was introduced in 1975. The number of the Chapter in 1975 is Chapter 8 – the Income Tax Amendment Act of 1975, Section 3(2), sir. It says: "Every company who has a taxable income for an income year shall, instead of income tax under subsection 1, pay in accordance with this Act a Corporation Tax calculated in accordance with this Act."

The hon. member got up and said that the Corporation Tax was in 1937. The balloon in tax payments in 1975 was $30 million which was due to the fact that they had a forward date of 50 per cent immediately of their tax liability, in 1975, the same year that the tax was introduced. The hon. member said that anybody who said that Trade Tax could ever amount to 25 per cent of the Corporation tax was talking nonsense and could be accused of invincible ignorance. The last figures in the Estimates of Barbados – the actual figures relating to Corporation Tax and to Trade Tax showed that the Trade Tax was almost exactly 25 per cent of the Corporation Tax. It was 24 point something. I do not have a calculator here. It might have been 24.8 or 25.82 or 25.83 per cent of the Corporation Tax, and the figures are roughly $30.3 million as against $7.37 million. And if that is not more than 24 per cent, I cannot do arithemtic.

The hon. member said that it was invincible ignorance to say that. That was two years ago. Up to now we have not been given the actual out turn figures of the Trade Tax for 1976 which is the last year in which they were supposed to collect them. We have not been given those figures yet; but the last year in which they printed figures shows almost exactly 25 per cent, and if we go back and look at the Estimates of the previous year, I am sure that you will find that it is almost 25 per cent.

As a matter of fact, by what the hon. member has disclosed, and from very quick calculations, since the Corporation Tax went up by $10 million it meant that it would have been $20 million the year before, and he said that the Trade Tax was over $4 million. If it was over $4 million it was over 20 per cent; and if it was close to $5 million I think that that would be the 25 per cent. I just wanted to point out these things. sir. These are the figures which were published in the Estimates; but the Corporation Tax was not introduced in 1973; it was introduced in 1975.

Hon. H. deB. FORDE: Mr. Chairman, if the hon. member wants to lecture the Democratic Labour Party, let him go up to the Academy of Politics; but do not tell me what I am going to do. Walk out if you do not want to hear me, man. *(Asides)*.

Mr. CHAIRMAN: Order.

Hon. H. deB. FORDE: Let me make a few points about the things that he likes to mislead this country about. The Port Charges.....

Rt. Hon. E. W. BARROW: Mr. Chairman I am not misleading the country or the House.

Hon. H. deB. FORDE: Not the House. I was saying that he was misleading the country.

Rt. Hon. E. W. BARROW: He cannot make that statement, Sir. That is a reflection on a member of the House and the Standing Orders say that he cannot do that. You know that he is wrong and he knows that he is wrong. Ask him if he does not know that he is wrong. I am objecting. I say that it is a reflection on an hon. member when he says that I am misleading the country. You are misleading the floor when you say that there was no attack on the bona fides of an hon. member *(Asides)*.

Mr. CHAIRMAN: Order please. No point of order. Continue please.

Hon. F. G. SMITH: On a point of order. The Standing Order says that no member may impute improper motives. To say that somebody is misleading the country is not imputing improper motives?

Hon. H. deB. FORDE: How can that be improper? He does not know any better. That is the problem.

Mr. CHAIRMAN: Let us get ahead with the debate.

Hon. H. deB. FORDE: Let me deal with him. I am rising on two points, the question of layoffs and the question of port charges. The statistics of severance payments made in this year show that there have been less layoffs than in the last year of your Government. Those are the statistics, and if you want them we will send them to you.

7.35 p.m.

The statistics also show that when you went out of power unemployment under you was higher than in 1960–61. Under fifteen years of D.L.P. rule you have taken a Government that we handed over to you in a proper state and got it to the stage where you had a higher percentage of unemployment in the country. These are the statistics when you are talking about the unemployment figures and about young people lazing around. What did you do for fifteen years to satisfy the young people in the terms of the unemployment conditions that you are talking abo it?

Let us deal with the Port charges now. You signed the agreement that Port charges had to go up in order to balance the increase of wages after negotiations between the Barbados Workers' Union and the Port Contractors. You now come in here and give the people of this country the impression that we viciously came into Government and did this. It was under your Government, and if you do not know it you should be ashamed of yourself.

Rt. Hon. E. W. BARROW: Just a moment. The hon. member said I signed an agreement. He said you signed and agreement; he either means you or me, because he has pointed at me and he should be addressing the Chair; so he means one or the two of us. Which one does he mean?

Mr. CHAIRMAN: He obviously does not mean the Chairman.

Hon. H. deB. FORDE: I mean the hon. member for St. John, and if he is going to take the praise, he has to take the blows too.

Rt. Hon. E. W. BARROW: I never signed any agreement with any Port Contractors about any increase in charges. I just want to get that straight.

Hon. L. B. BRATHWAITE: On a point of order, the hon. member's Government was responsible for the signing of that agreement and it was initiated by Capt. George Fergusson.

Mr. CHAIRMAN: I am sure the hon. member for St. John recognises that.

Hon. H. deB. FORDE: It was a Cabinet presided over by the hon. member. The mystery of you has been exploded for good. You can fool a lot of people that you know everything, but not when you are dealing with people on this side, because we have access of all the documents and we will expose them for what they are. The Port charges went up to honour an agreement that you placed on the country and now you are going about telling people every night on the platform about how we put up the cost of goods. Why don't you come in here and face the music where you can get the debate good and proper, or let me come and speak on the same platform either before or after you. *(Asides)* I could speak before the hon. member for St. Michael South Central even when he is near his own home because he has not got any sense to answer me. *(Asides)*

Mr. CHAIRMAN: Would the Hon. Leader of the Opposition keep a little bit less noise? You are disturbing the House.

Hon. H. deB. FORDE: It is the easiest thing to go around and say, as the Democratic Labour Party is saying, and which the hon. member repeats in here today, that there is gross unemployment created since we came into power, massive lay-offs and all sorts of things. *(Asides)* On the radio you admitted that you failed to deal with the unemployment situation. Do you mean after fifteen years you have failed and you do not want to give somebody else a chance to try and put it right in fifteen months? What do you expect?

Rt. Hon. E. W. BARROW: On a point of explanation, I do not know what is irritating the hon. member. I never at any time said on any radio that I failed to deal with unemployment. I said that we had not managed to solve the problem of unemployment. It is not a question of failing to deal with the question of unemployment.

Hon. H. deB. FORDE: It was with you for fifteen years and you were a failure. You could not solve it; give somebody a chance to solve it.

Rt. Hon. E. W. BARROW: I am not giving you fifteen months.....

Hon. H. deB. FORDE: You gave me five months when I came in here. You lost the Government to that very statement and you will remain and die without getting it back; I will see to it. It is a pity that when you

come into a debate of this nature, when you should be a statesman in your old age, instead of going around and trying to correct things in this country and put them right in a proper way, you take to the type of politics that I expected of you when you were a young man and not in your old age, and that is one of the reasons why every time you mislead I will get up and correct you.

Rt. Hon. J. M. G. M. ADAMS: I do not want to pursue all these points, but there are two points I am going to deal with. First of all, I remember long ago when I may have detected the hon. member for St. John said 46 instead of 47, the hon. member made a very wise speech. This was in his days of wisdom and I took heart from him. He said the Leader of the Opposition is going to come in here, he looked at his face, and he is going to be vehement; you are going to hear him say I am the worst man in the world because I said 46 instead of 47. I will counsel him to remember those words.

Now the new computation of the corporation tax applied to the 1974 income year. It was paid in in 1975. The year 1974–75 would show a small collection because in fact you had to pay the tax for the current year before you had to pay the tax for the previous year. That all happened in 1975 as a result of the Budget Speech nearly a year previously. The Act took a long time to pass. Now it is impossible to compute from the Estimates all of the factors because one year's current tax was at one point paid before the previous year's but the fact still remains that they were two years' exaggerated receipts: one was accelerated and the other exaggerated because of unusual economic conditions.

Rt. Hon. E. W. BARROW: On a point of order, I do not think the hon. member got the point. The law was passed in 1975, but in 1975 which was year of assessment 1975 you paid tax in 1975 for 1975 and you still had to file returns for 1974, but what evern on his own admission is now invincible ignorance, the law was not passed in 1973 but in 1975, so you paid two years' taxes as it were in year of assessment 1975. You go on further in the Act which is Cap. 8 and you will find that you had to pay 50% right away, and then another further 25% and then by March in the following year the further 25%, and that is why we got a ballooning of the tax which was referred to in the World Bank Report of 1976; but this could not be expected to continue because this was an exceptional situation in which you were asking professional people and companies to pay an exceptional amount of tax; call it double taxation, call it what you like, we still collected the money.

Rt. Hon. J. M. G. M. ADAMS: I do not know what the point is. I do not believe there is any disagreement. All I am trying to say is that there were two years of exceptional receipts, one because it was an accelerated receipt and one because there was unusual profit. In 1973–74 $14 million was collected; in 1974–75 $27 million. That is a double receipt. Whether he thinks it was tax year 1975 or not, it was collected in 1975 and assigned to another; it was collected on April 30, 1975 and assigned to 1974 where it belonged. That is all I can presume because again in 1975–76 there was the collection of $13 million. There was nothing in 1974 that would cause corporation tax to double apart from an acceleration, and then the following year it increased again because of improved receipts. I do not know why I can't get this into the head of hon. members.

I would just like to say this about invincible ignorance. The invincible ignorance is not related to ignorance of a series of facts; it is related to the structure of a congenital condition in an hon. member, not related to his knowledge or non-knowledge of any facts. He may well know the facts but cannot understand them.

Now just in passing, I hope this will be the last word, it is incorrect to say that the out-turn figures for trade tax are not known. I was very proud when I brought the Accountant General's Report into the House a couple of months ago. If you turn to page 27 you will see that the trade tax in the year we are quarrelling about was $6,123,994; that is the last year of trade tax, 1976–77, and it was over-estimated by $623,000. It was estimated at $5½ million and it produced $6.1 million. The corporation tax for that year was $28.6 million, much more than four times the trade tax, because the trade tax had by then begun to go down, boom conditions were absent and it had fallen.
7.45 p.m.

It was estimated at $5½ million and it produced $6.1 million. The corporation tax that year was $28 million, which was more than four times the trade tax because the trade tax by then began to go down and had fallen. Theoretically, Mr. Chairman, since the trade tax is affected by the 12%, and at that time the corporation tax was 40%, I am calling it 12% and 40%; the effective rate was 12% for the trade tax and 40% for the corporation tax. Clearly, there is the possibility that in a given year the trade tax will be more than 25% of the corporation tax, as it used to be. But if hon. members will listen carefully, even without the figures in front ofme, I said nobody can tell me that the trade tax amounted to 25% of the corporation tax in the last year of its existence, and it did not. When the trade tax was $6 million the corporation tax was $28 million. I am satisfied that the companies are paying more tax; that is all I can say. I am the Minister of Finance and I am satisfied.

I beg to move that Clause 8 stand part.

Mr. CHAIRMAN: The question is.....

Mr. TAITT: Mr. Chairman, I have not spoken yet.....

Mr. CHAIRMAN: I will not entertain you. The question is that Clause 8 as amended stand part.

The question that Clause 8 as amended stand part was put and resolved in the affirmative without division.

Clause 9 was called.

Mr. TAITT: Mr. Chairman, you are saying that you will not entertain me even though I have not yet exercised my right to speak.

Mr. CHAIRMAN: We have had so much repetition that I do not believe.....

Mr. TAITT: Mr. Chairman, I cannot sit in this honourable House and have my rights and the rights of the people of St. Michael South West arbitrarily taken away on some premise that you as the presiding officer are tired of repetition. I have rights in here.

Mr. CHAIRMAN: You will understand that I am Chairman of this Committee.

Mr. TAITT: Yes, Sir, and this is why I am addressing this question to you.

Mr. CHAIRMAN: Are you challenging.....

Mr. TAITT: I am not challenging anything; I am saying I have rights in here which cannot arbitrarily be taken away and I will not sit by at any time and have that right taken away.

Mr. CHAIRMAN: Will you sit down. Do you intend to speak on Clause 9.

Mr. TAITT: Yes, Sir.

Mr. CHAIRMAN: Then please address yourself to Clause 9.

Mr. TAITT: On a point of privilege, Sir,.....

Mr. CHAIRMAN: There can be no point of privilege to Clause 9.

Mr. TAITT: Mr. Chairman, even the members on the other side will tell you there can always be a point of privilege.....

Mr. CHAIRMAN: I am not entertaining that.

Mr. TAITT: Are you saying.....

Mr. CHAIRMAN: There is no point of privilege at this time; please be seated. The question is that Clause 9 stand part; those in favour.....

Mr. SANDIFORD: On a point of order, Mr. Chairman,.....

Mr. CHAIRMAN: Are you rising on a point of order to a question being put? I am sure the hon. member knows better than that.

The question that Clause 9 stand part was put and resolved in the affirmative without division.

Mr. SANDIFORD: On a point of order, Mr. Chairman,.....

Mr. CHAIRMAN: On what point of order.

Mr. SANDIFORD: The member for St. Michael South West has raised a matter of privilege, and under Section 76 of the Standing Orders of this House it states that a motion directly concerning privilege of the House shall take precedence over all other public business; and I am submitting.....

Mr. CHAIRMAN: You cannot bring a motion at this point.

Mr. SANDIFORD: I am submitting that you should hear what the hon. member for St. Michael South West has to say on the matter of privilege.

Mr. CHAIRMAN: The Chair rules that you have not made a point of order; please be seated.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, I think that once and for all we ought to do away with this point of privilege business because Standing Order No. 76 was written to stop hon. members from rising on any point of privilege, because it provides that any member desirous of raising a matter under this Standing Order which refers to privilege must first obtain leave of the Speaker who shall determine whether the member is entitled to raise the matter as a question of privilege. Has the hon. member for St. Michael South West given you the assurance that he has the leave of the Speaker? I believe if he gives you that assurance you should hear him.

Mr. CHAIRMAN: Let us hear Clause 10 please.

Clauses 10 and 11 were called and passed.

On the motion of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. H. B. St. JOHN, Mr. CHAIRMAN reported the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I beg to move that this Bill be now read a third time.

Hon. H. B. St. JOHN: I beg to second that.

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

On the Motion of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. H. B. St. JOHN the Bill was passed.
7.55 p.m.

SUSPENSION OF SITTING

Hon. H. B. St. JOHN: Mr. Speaker, I beg to move that this sitting be now suspended until 20 minutes to 9.

Hon. C. L. BOLDEN: I beg to second that.

The question was put and resolved in the affirmative division and Mr. SPEAKER suspended the sitting until 8.40 p.m.

On resumption –

Mr. SPEAKER: This sitting is now resumed.

Hon. H. B. St. JOHN: Mr. Speaker, Order No. 1 is the next Order of the Day. I am asking for leave of the House that when the House is in Committee of Supply it should deal with a Resolution which was circulated in advance of today's sitting. It is a Resolution for $156,400 to make a payment of interest in respect of a liability which the Government guarantees. I also beg to move that Your Honour do now leave the Chair and the House go into Committee of Supply to deal with certain Resolutions.

The questirn was put and resolved in the affirmative without division, and Mr. SPEAKER left the Chair and the House went into Committee of Supply, Mr. ODLE in the Chair.

SUPPLEMENTARY ESTIMATES 1977–78
No. 21

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, the Government is negotiating the discharge liability of the Barbados Development Bank in respect of the default of Bath Plantation Limited on its loan due to the First National City Bank. The conditions which prevent me from going into the details of how that loan was arrived at still exists, and I do not expect hon. members to press me on that. But the House did vote an amount of $3,266,000 earlier in the Session to pay the basic loan on the interest then due. We have had a certain amount of difficulty negotiating the terms of a loan which we are raising to pay off this amount. The difficulty has been occasioned because the Minister of Finance and the Attorney-General's Office are not satisfied that the conditions imposed on us by Commercial Banks when we borrow money from them are proper conditions in every case to be sought to be imposed on the Government Sovereign State.

There are a number of points that we have queried. The Attorney-General's Office has raised some, and I have raised others, and it has taken an unusual amount of time, in all the circumstances, for this loan to be finalised. During the time while the Bank and the Attorney-General's Office were negotiating on the form of the Loan Agreement more interest has accumulated and we are, therefore, asking the House for this supplementary amount of $156,400 in order to complete the transaction this week. We want it completed by Friday. We want to pay these people all the money we owe them. We are borrowing from Peter not to pay Paul, but to pay Peter.

As far as I am concerned, I do not want to have any more dealing with First National City Bank over this loan, or any other of its loans. I would like to give the people their money and let us pay it off once and for all so that it would become history to be investigated in due course.

I beg to move that this Resolution stand part.

Hon. H. B. St. JOHN: I beg to second that.

Hon. F. G. SMITH: Mr. Chairman, I hope that the investigation would make a better job than what was done regarding the North Point. I hope the Minister of Finance will disclose all the facts dealing with Bath, so that we would not have the type of surveys we got regarding the North Point.

Hon. H. B. St. JOHN: Mr. Chairman, I am sure the hon. member should learn that you do not judge a case when only a couple of witnesses have given evidence.
8.45 p.m.

Rt. Hon. J. M. G.M. ADAMS: Just one thing I would like to say. He said he hopes the Minister of Finance will let the facts be known, let him speak about the former Minister of Finance and let the facts be known by us. I was not there when Lorde and Boyce were sharing out the money, I can only deal with the files. Certainly this Minister of Finance has not kept back any file from anybody, he has not kept back any survey from anybody, and please do not put on him what any witness said or did not say, I do not even want to know about it. I have done my duty and I am sure that the Commissioner will do his.

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

SUPPLEMENTARY ESTIMATES 1977–78
NO. 20

Head 5(1) – Cabinet Office – was called.

Rt. Hon. J. M. G. M. ADAMS: Sir, I rise to speak on Item 13. This relates to a parcel of land in St. Andrew next to Chalky Mount School. It seems that the school has been draining its waters on to the gentleman's property, washing away his banana trees and giving him other difficulties. This has been going on for many many years.

The Government should have stood on its legal rights and refused to pay the man anything, because the lawyer he employed did not put the case in court in time, but we are not like that, although he is an outstanding member of the Democratic Labour Party. Again we are not victimising anybody, still less victimising any lawyers' clients, and we are giving this man a negotiated compensation based on years of damage. We do not intend to penalise any lawyer, even if he is on the other side, because I think that he realised that the client could have been made to sue him.

The vote – Compensation – is insufficient to meet the payment, and we therefore have to supplement it in order to restore the vote, and we hope that the amount as supplemented will be sufficient to take us through to the end of the current financial year.

I beg to move that Head 5(1) stand part.

Hon. H. B. St. JOHN: I beg to second that.

Hon. F. G. SMITH: Just one question I would like to ask the Prime Minister. Is it the Government's policy to pay Counsel's costs involved, or is it just the amount for the client? I want to know whether this amount include costs for Counsel, because I just settled one with you and I did not ask for costs. I want to know if this is the case, otherwise you will get a supplementary bill.

Rt. Hon. J. M. G. M. ADAMS: An application has been made for costs and the Government has not acceded to it. No amount is being included for costs, if the client feels to pay he can pay, and if he does not feel to pay that is entirely up to him.

The question that Head 5(1) stand part was put and resolved in the affirmative without division.

Ministry of Education and Culture – Head 15(10) – Government Industrial Schools – was called.

Hon. L. R. TULL: Mr. Chairman, there is evidence of increasing mental and psychological problems among the children at the Government Industrial Schools, and we found it necessary to get the services of a psychologist on a sessional basis to look after these children, to assess and to treat them. We find that it is unnecessary to have a full time psychologist because of the numbers involved, but we are getting the psychologist from the Ministry of Health on a sessional basis at $12.50 an hour for one day a week, and this sum of $2,200 is required to meet the cost of this psychologist for the rest of the financial year.

I beg to move that this stand part of the general Resolution.

Hon. L. B. BRATHWAITE: I beg to second that.

Hon. F. G. SMITH: I would like to say that this is a very commendable step, but I would advise and counsel the Minister that the problem of children is not only found in the Industrial Schools but in some of the newer secondary schools. They do have problems with children and I think the area of psychologists in the educational system is a matter to which he should give attention. I agree that these chaps do need it, but do not fool yourself that they are the only ones who need it, because I think the experience in the chair as Minister of Education will let him know that there are some problems in these schools as well.

That is something you have to expand if you are going to tackle some of the problems that exist in the school system as a whole. The Opposition is certainly supporting this, it is a very good step in the right direction.

The question that Head 15(10) stand part was put and resolved in the affirmative without division.

9.00 p.m.

RESOLUTION TO PROVIDE FOR ADVANCES FOR SALARIES AND WAGES

A Resolution that the sum of $2,500,000 be advanced from the Consolidated Fund and placed at the disposal of the Government for the purpose of making advances of salary or wages on the terms and conditions set out in the Schedule hereto was called.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, this is a standard resolution for the advance of salaries and wages to Government employees. The Government has decided this year to continue with the system that has applied in the past. I should state that in my Ministry it had been decided and submitted that we should not have any advances this year as the cash flow position of the Government is so poor that to take up a half million dollars – a loan will have to be raised for the purpose. You will have to borrow money to make those advances and pay interest on the loan but the advances will be interest free. What we borrow will go into the public debt, but what is paid back will be merely shown as a small reduction in expenditure during next year, and therefore will have to be regarded as part of the

debt that we carry over to next year into the general funds of Government. We are that badly placed.

Hon. members on this side have told me – and within a few weeks of coming into power papers were brought to me and I was shown that the Government's overdraft at the Central Bank were exhausted, slightly exhausted in breach of the law, and $6 million in cable orders were outstanding and that there were no funds to meet it; and this situation has recurred on numerous occasions. For this reason persons in my Ministry responsible for vetting the day to day expenses of Government, and responsible for monitoring the cash flow at the Treasury and checking what is the overdraft at the Central Bank advised that we should not make advances this year.

However, I said that this would be decided in the light of certain negotiations with the National Union of Public Workers. There were of course the wage negotiations and the wage restraint matters, and the NUPW represented very strongly to me that public workers looked forward to these loans and advances. Although they did not make any conditions, I considered it wise in the interest of comfortable relations with the NUPW and also with the lower paid workers of Government that wage restraint did not mean warfare. I decided in spite of the advice of my officials and agreed to bring down this resolution as it was brought down last year.

I do not have to describe the details of it. The money is borrowed and has to be paid back within three months, that is, by the end of the financial year. I have some figures. The balance outstanding from last year's advances is only $13,000 and the amount outstanding from previous years is $70,000. I do not consider that these amounts are so excessive as to indicate that the scheme is being abused; and in all the circumstances I recommend this resolution to hon. members.

I beg to move that the resolution be agreed to.

Hon. H. B. St. JOHN: I beg to second that.

Hon. F. G. SMITH: Mr. Chairman, the Opposition is extremely sorry that this generous action is so embarrassing to the Government. I am surprised to find that a Government which boasted that it would take unpopular measures is still forced to carry on what the Democratic Labour Party did, and which according to the Prime Minister was some breach of the law in relation to the Central Bank.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, it was not last year's advances that caused the position. I found when we got into office – that was September, 1976 – the Treasury suggested that the over-draft limit had been reached. That was September, 1976.

Hon. F. G. SMITH: Mr. Chairman, how does a Government which boasted that it would take unpopular measures if necessary still come back, if the economy cannot stand it and decide to give these advances? It is a short term something to which workers are not entitled by right. It therefore shows that you are not being consistent; but the Prime Minister, clever as he is, realises the political importance of giving the advances. Therefore he is following the precedent that has been set because he realises the disadvantages of not doing it. You cannot blame a Government for that. I believe that if you say that you are prepared, if the people do not want you in 1981, to go out of power, I would expect you to say that you are not prepared to do something which your economic advisers advised you not to do.

Hon. H. B. St. JOHN: This word "economy" always brings the hon. member in trouble. This has nothing to do with economy. The situation is like a man with the $1 million in assets but who has no cash. This has to deal with the cash flow and not with the economy. The people have to pay back the money, and the taxes and other revenue that come in you have to pay out. Does the hon. member want to go on record in here as saying that he does not want the workers to get this money?

Mr. JOHNSON: Mr. Chairman, the Leader of the Opposition said to me some time ago that he was not coming back in 1981, and I think that I am using his words – he said that he will burst some writs in the stomachs of some people in St. Michael South Central who borrowed money from him and would not pay it back.

Hon. F. G. SMITH: It is not a question of "will". I have already done it.

Mr. JOHNSON: I am grateful to hear him say that he has already done it, that he has already burst some writs, because he is not running again; because he just got up and said in essence that we should not be giving the Civil Service of Barbados the advantages to which they have become accustomed.

Hon. F. G. SMITH: Mr. Chairman, on a point of elucidation. I did not say that. I said that if you do not have the cash money to pay it out you should not pay it out in keeping with the Government's view that it is a strong Government. I have no objection to the workers getting the money. It is not my money, and if you lend them money and they pay it back there is nothing wrong with that. I have been a member of a Government that was lending them money for all these years. Would I all at a sudden object to it? Could I be such an idiot to do that?

Mr. JOHNSON: Mr. Chairman, he said we should not pay if we are to be consistent with the strong measures that we have been employing all along. So he has to agree but he does not want the Civil Servants in Barbados to get advances this year.

Mr. SIMMONS: Mr. Chairman, there are only two points that I want to raise. I believe that even though the Government may be facing a period of severe restraint, unpopularity and inhumanity may be different concepts. Because it may be unpopular to impose a period of severe restraint, does not derogate from the Government's responsibility at the time of Christmas to give some measure of comfort to Government's employees.
9.10 p.m.

The second point I want to raise is the question of Statutory Boards. We have not had any assurance from the Prime Minister, and I wish he would make the position clear when he replied. But in respect of employees of Statutory Boards I would wish some assurance that all the appropriate authority is given to Statutory Corporations to make similar advances to their employees.

Hon. H. B. St. JOHN: Mr. Chairman, there is no authority needed to give Statutory Boards the power to do it. There is no authority needed for the Statutory Boards to give bonuses; it is an advance of wages, and it has been customary. I understand there was some problem last year, but there is no reason for a problem. There was some uncertainty by Statutory Boards as to whether they had power or not. The Statutory Boards have authority to pay wages; the Statutory Boards therefore have authority in consonance with similar terms and conditions to make advances. It may have been felt before that they needed to get direction, but there is no specific authority needed. If the hon. member wants a specific authority and he has any doubt, that can be cleared up, but there is no law, there is no financial regulation that says that Statutory Boards before they make advances would have to come to the House. Tell me where it is. I would like to know. The financial rules do not apply nor is there legal limitation of statute. The Chairman is not in danger of being dismissed because he makes advances, nor the members. Everybody knows that the pattern has been followed and once this is endorsed in here I have no doubt they can pay it too.

Mr. SIMMONS: Mr. Chairman, on a point of elucidation, when I was making the point about an appropriate authority you will realise that I was feeling for words, but presumably Cabinet must have made this decision, so I will interpret it now that Government having set the precedent, we are entitled to follow.

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

On motion of Hon. H. B. St. JOHN seconded by Hon. H. deB. FORDE, Mr. CHAIRMAN reported the passing of three Resolutions in Committee of Supply, and Mr. SPEAKER resumed the Chair and reported accordingly.

On separate motions of Hon. H. B. St. JOHN, seconded by Hon. H. deB. FORDE, the Resolutions were read a first and second time and agreed to.

RESOLUTION TO INCREASE THE AGGREGATE UNDER THE MORTGAGE INSURANCE ACT, CAP 233

Hon. H. B. St. JOHN: Mr. Speaker, this Resolution is to set the total amount of liabilities that is insurable under the Mortgage Insurance Act, Cap. 233 Section 11. Periodically the amount fixed has been increased. In 1972 it was increased from $5 million to $25 million, but having regard to the pace of development in housing which we envisage and having regard to the increased cost of houses, we feel that rather than have a periodic Resolution before the House we should have a substantial increase at the present moment. Accordingly we have set the figure at $75 million as being the total amount of liability which is insurable within the Mortgage Insurance Act.

In commending this Resolution to the House, I do not think the Leader of the Opposition will have any objection, there are one or two things which I think should be said, and one is that the Government is deeply concerned over the fact that the insurance companies in Barbados have not found it possible to have a look at the mortgage insurance liabilities risk. One of the greatest constraints on people owning a house in Barbados is the fact that unless the lender is an approved lender under the Mortgage Insurance Act, they in fact have to pay a double payment because they have to pay the amortisation under the mortgage and then they have to go and take out a life insurance policy to cover the liability in the event of death. This in our opinion is a glaring defect in the insurable risk in Barbados. This is one of the reasons that has motivated us to implement a State Insurance Corporation because there are certain risks which need to be insured in this society, but the insurance companies in Barbados have not been tailoring their policies to suit the risks which this society needs instead of the historical risks which their head office used to insure in other countries. Therefore I say that it is time that they should devise new policies to suit the conditions in Barbados, and it is a very great constraint upon house ownership in this country if a person has to pay the amortisation payment plus a life insurance policy, and some of them tell you that you can take a term insurance. Let me tell you this, Mr. Speaker, having investigated both, you will find that term insurance, even

on the reducing amount of money still works out to a great additional payment, because with term insurance it is renewable every five years, and since you are five years older, every time you have to renew the insurance the premium goes up because for the second and third five years you are five years older and you are put in a different category for the purpose of the premium; but either they will do it or the Government will have to do it, and it looks as having regard to the traditional pattern Government will have to do it because we do not want any constraint upon house ownership in this country.

It is our determined policy that where it is legal for us, insurance fees, architect fees, engineer fees, whatever they are, the constraints which prevent developers from developing houses, whether they be workers' organisations, building societies, private companies must be reviewed, because the construction industry plays an important part in employment, and part of our social objective is to see that there is as large an ownership class of their own property in Barbados as possible.

Accordingly I beg to move that this Resolution do now pass.

Hon. H. deB. FORDE: I beg to second that.

9.20 p.m.

Hon. F. G. SMITH: Mr. Speaker, if you look on your paper you will see it has $75,000 on the outside. I know the inside has $75 million but on the outside it says "To approve the sum of $75,000". I know this may not be paramount but I just want to draw it to your attention.

Hon. H. B. St. JOHN: We have noticed this, and it is a printer's error. The body of the Resolution says $75 million. We have been getting too many of these printer's errors and we hope that in future the figures will be checked more carefully.

Mr. SIMMONS: Mr. Speaker, this Resolution touches upon the functions of the National Housing Corporation insofar as loans passing through the Barbados Mortgage Finance Company have to be insured by the National Housing Corporation under present legislation. At a public meeting I gave the figures of the number of houses completed by the Barbados Labour Party since we assumed office in September last year, and I believe that the Leader of the Opposition at a subsequent meeting tried to ridicule the figures which I gave. The figures have in fact increased up to today, and between September 2 and today we have completed 403 houses and I will show how this figure is arrived at.

Before I comment on the fact that this figure is at least twice as much as the Democratic Labour Party completed in 1975, let me say that when we assumed office we found a number of sites cleared for the erection of houses, and some houses in various stages of development. If I may just run through them one after the other: Oxnards phase 1, where we were building three-bedroom middle-income houses, the plan was to construct 44 of these three-bedroom houses. Work was started by a firm called Contec in March, 1973, and I would say that work continued or was supposed to continue; but Government found it necessary in its own interest to determine the contract with Contec in May, 1976. At the point of termination of contract, three years later, the firm which had been awarded the contract had succeeded in building the large number of twelve houses in three years, each at a price of $20,050 despite recommendations that the ceiling price at the time should be $27,500. The National Housing Corporation took over the work of this contract and completed the remainder of the houses, that is, 32 houses, the difference between 44 and 12, and we used direct labour force of the National Housing Corporation. About 80% of that project was completed by August 1976 which meant that when we took over we had to finish the other 20%.

Now then, Oxnards phase 2. Fiftyone houses were started in January 1976 by direct labour, and the project was about 70% complete in August, so that we had to complete the remaining 30%. The project is now fully completed.

Oxnards phase 3, consists of a further 33 houses. These were started in April, 1977, again by direct labour, and again about 70% of the project has been completed to date.

Then we come to Lodge Terrace, phase 2, where they were constructing two and three bedroom houses for the lower income group. Construction work started in May, 1976 on 109 houses. These houses are being built by private contractors Homex and George Rogers, and in August 1976 only 20% of these houses were completed. We expect to complete the project by the end of March 1978. A number of the houses are ready and some allocations have been ready, but the whole thing will be completed by the end of March, 1978.

Now in Wildey phase 2. Construction work started on 112 houses.

Mr. SPEAKER: Did you say Wildey?

Mr. SIMMONS: Yes, Sir.

Mr. SPEAKER: I do not see any of these districts in St. Peter.

Mr. SIMMONS: I am coming to St. Peter and St. George in due course. At Wildey construction work started on 112 two bedroom concrete block houses in

January, 1976, and about 70% was completed in August, 1976, and we finished in April, 1977; so Wildey phase 2 is completed. Thirty six two-bedroom houses were completed in May this year and 95 terrace units apartment type houses started in November, 1976 were completed by the end of October this year.

At Wotton of which we have heard so much, work on 50 terrace units started in October, 1977. At Free Hill we have finished the seven two-bedroom concrete houses and are now working on the two clay block houses as part of an experimental project of the National Housing Corporation and that is how the total of 400 houses is made up.
9.30 p.m.

I hear talk today about employment and, as the Hon. Leader of the House has indicated, the construction industry can assist in the employment of large numbers of people. The National Housing Corporation puts the figure for those employed in building since September 1976 at 128. You will see that 128 additional jobs have been found by the National Housing Corporation since 1976, operating on the same budget of $4 million which the last Government had.

There has been a problem, Mr. Speaker, with the Mortgage Finance Company in that we do not feel that we have been able to draw down funds as fast as we would have liked, and that has affected the cash flow of the National Housing Corporation. For example, we have a number of houses completed and a number of conveyances and other legal documents ready, but we are in need of the cheques from the Mortgage Finance Company.

If I may give some indication as to the outstanding income in the commercial sector, at Oxnards Phase I there is about $900,000 that we have to draw down on 30 houses at $30,000 each. Oxnards Phase II, there are 51 houses at $40,000 which is two million and forty thousand dollars. Phase II the 112 houses at $14,000 – concrete block houses – one million five hundred and sixty-eight thousand dollars, and the 36 timber at $10,000 which is $360,000.

At Lodge Terrace Phase I, 72 houses at $20,000 will be $1,440,000. That is a total of $6,308,000 that the Mortgage Finance Committee has tied up and we could do with that money. Of course, one of the reasons, I must concede, why the money has not been made available to us before is that the Mortgage Finance Company, since we have reached the limit of the aggregate for which we can insure, did not want to take the risk of sending us funds when we would not have had the statutory power to insure since we had exceeded the limit. That is why we have had to come with this Resolution to allow us to expand.

Before I finish, Sir, I have made a plea with the Minister of Housing to do something about the improvement to the office space at Country Road. The accommodation there is shocking. I made a plea publicly at the Independence Celebration Function which we had for the prize winners from the various estates. The Minister's answer to me was that I should speak to the Minister of Finance. I am making an appeal to the Minister of Finance now, Sir, to allocate in next year's Estimates some portion of money for the upgrading of the facilities at Country Road. It is all right to talk about inefficiency in the Corporation over the years, but if the people who work there are not given amenable facilities and congenial surroundings within which to work, you cannot expect efficiency. That building is old, run down, dilapidated, and it does not admit of Departmental Heads being able to supervise the people working in their Departments. Sir, there is a lot of slackness, and there has been a lot of slackness. I would wish to see the Government take a keen interest in upgrading the facilities at the National Housing Corporation.

Before I finish, Sir, I wish to make an appeal now to the Ministry of Lands. It seems to me that in the past there had not been proper planning for the development of new estates. One of the problems that is likely to continue, unless something is done about it immediately, is that the Government must start acquiring or having at its disposal what I would call a Land Bank so that when work is completed, or about to be completed at a site, say, like Oxnards the men at Oxnards should know that when they leave there they are going to West Terrace and all the roads and services have been put in.

In your constituency, Sir, I should be grateful if you would identify an area of land.

Mr. SPEAKER: Which are you referring to?

Mr. SIMMONS: To you, Mr. Speaker.

Mr. SPEAKER: St. Peter? Then say so.

Mr. SIMMONS: It is St. Peter, Sir. Generally in the rural areas in St. George and St. Philip there is need for land to be made available for low-costing housing schemes. It would be of assistance if Your Honour could identify a suitable area in St. Peter for the Minister's consideration. *(Asides.)* St. Lucy has some already, and I hope that they will get some more in the future. It is left to us to assist the Ministry in identifying areas which are available for house building.

Mr. Speaker, I do not want to hold up the House any longer, but I thought that it was necessary to make these points about the houses completed in the light of the strictures and the criticisms imposed on me at Deacons Road, I think it was, by the Leader of the Opposition. I

wish to assure him that we have treated Government as a continuing process, and because you may have had a house 20% completed, we had to finish it.

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

RESOLUTION TO AMEND THE NOTE TO ITEM 2, OTHER FACILITIES, UNDER HEAD 114(2) – PORT MANAGEMENT, OF THE 1977–78 CAPITAL ESTIMATES

Hon. L. B. BRATHWAITE: Mr. Speaker, this Resolution, as is stated, is to amend the note to Item 2, Other Facilities, under Head 114(2) – Port Management, of the 1977–78 Capital Estimates. The purpose of the amendment of this Note is to make provision whereby sums of money can be transferred to a Head in order to meet certain commitments which might be occasioned as a result of the setting up of an arbitration to go into what might be regarded as overdredging within the new Port facilities.

I suppose that some members might be aware, and those who are not aware it is my duty to make them aware, that as a result of certain disputes which arose out of that overdredging, the company which was engaged to carry out the dredging at the Port has made certain claims which were disputed by the Government and as a result the agreement which was signed by the Government and the Company, Construction Aggregates Corporation of the United States of America, certain claims were made and we rejected those claims. Provision was made in the contract for arbitration and the arbitrator was to be provided by the International Chamber of Commerce, but the arbitration was to be conducted under the laws of Barbados. Such an arbitrator was appointed, Dr. Rostrevor of Columbia who came to Barbados, and after just a brief meeting he actually left being not satisfied with the manner in which the arbritration proceedings were conducted. He is no longer in Barbados, and my understanding is that a new arbitrator is selected. He has not yet been named, but I hope that I will know this in a very short period of time.
9.40 p.m.

The Government of Barbados was quite willing to have this matter carried to the courts in Barbados in order to get a settlement. I am further advised that the company is trying to make every effort to have this matter settled out of court and probably away from arbitration. The Government continues to feel that they have no case, but at the same time we are willing to talk to them to see if any compromise can be reached.

I do not think it is necessary to go into much details on this matter since this matter is still engaging the attention of the arbitration tribunal and might be a matter which might go before the courts.

I beg to move that this Resolution do now pass.

Hon. H. deB. FORDE: Mr. Speaker, in seconding this Resolution there is only one comment I would wish to make. This is a contract that I found on taking up office and the terms of it are such that I could not as legal adviser to the Government recommend.

One was the clause dealing with arbitration. I found in the Department that we did not have a copy of the rules of the International Chamber of Commerce and its procedure, and yet we had entered into an agreement based on those rules. I have, with the approval of my Cabinet colleagues, asked the Department to review all contracts which this Government enters into with Banks and International Organisations, and already as the Prime Minister has said in relation to the new agreement dealing with the Bath loan, I have negotiated a different form of contract for the Government of Barbados.

I, as Attorney General, will not be signing any agreement whatsoever saying that we have complied with the laws of Barbados unless those laws are adhered to. I believe that we have been too easy in approaching the legal work which involves Government contracts and Government negotiations. This particular company, Construction Aggregates Associates, is one of the worst examples of multinational corporations I have come across. They have had the gumption to write letters to the Inter-American Development Bank complaining that the Government of Barbados was harassing them and trying to get their own State Department to back them up. They believe that because Barbados is small and they might have their State Department behind them that Barbados cannot stand up for its rights, but the courts in Barbados are as good as any of the courts in the United States, and I want to repeat this very strongly to some of the attorneys-at-law, that our courts in Barbados are dispensing justice both civil and criminal quicker than any court in the Caribbean and quicker than any court in the United States and quicker than any court in England, and it is a record of which we are today rightly proud. I will try to keep it that way and improve on it, and therefore in those circumstances I feel justified in advising the Minister to take a strong line on this.

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

RESOLUTION TO APPROVE THE RATES OF POSTAGE ON POSTAL PACKETS TRANSMITTED FROM BARBADOS TO A PLACE ABROAD BY AIR MAIL

Hon. L. B. BRATHWAITE: Mr. Speaker, this Resolution is to make certain amendments to the rates which were before this Hon. House and went to the Other Place. I must admit that the errors and various

mistakes were from my Ministry and not from the Legal Department or from the printers. I apologise for that aspect of it, and this Resolution seeks to remedy that situation and put the position in a true perspective.

I beg to move that this Resolution do now pass.

Hon. H. deB. FORDE: I beg to second that.

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

RESOLUTION TO APPROVE THE RATES OF POSTAGE ON POSTAL PACKETS TRANSMITTED FROM BARBADOS TO A PLACE ABROAD OTHERWISE THAN BY AIR MAIL

Hon. L. B. BRATHWAITE: Mr. Speaker, this Resolution is similar to the one which has just been passed by this Hon. House and I do not think it needs me to say anything on it.

I beg to move that this Resolution do now pass.

Hon. H. deB. FORDE: I beg to second that.

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

RESOLUTION TO APPROVE OF A GUARANTEE OF A LOAN AMOUNTING TO $4,000,000 AT INTEREST RATE OF 5 PER CENTUM PER ANNUM FROM THE CENTRAL BANK OF BARBADOS TO THE BARBADOS DEVELOPMENT BANK

Rt. Hon. J. M. G. M. ADAMS: If you please, Sir, since the new regime has taken over, and since we have made the Barbados Development Bank a respectable institution once again and they can hold up its head in an international financial community now that it does not have the millstone of Bath overhanging it, the Bank has been disbursing funds at a very improved rate. I noted that on the public platform some time ago Dr. Richie Haynes, trying to repair his image as the Democratic Labour Party's worst curse bird in the last election, began to dip his foot into waters which made it incredible to me to hear his often repeated boast that he was first in the Barbados Scholarship defeating the hon. member for St. Michael South in that particular year.
9.50 p.m.

When I hear the two gentlemen I can hardly believe it. It has been said that the bank is only promising to lend people money, but it is not disbursing money. That is not true. Over the last 12 months the bank has lent out twice as much money for projects as in any previous 12 months and is achieving record levels of project approvals; and I may say is also achieving very satisfactory rates of repayment, and seems to be meeting the viable projects and not adding to the backlog of $600,000 in bad debts, of such persons as Mr. Da Costa Edwards and Mr. Frederick Pile which we found when we came into power.

I would like to congratulate publicly Mr. David Seale, the Chairman of the Bank, and Mr. Richard Leslie, the Manager. Mr. David Seale, despite the wicked and unfair comments continually heaped upon his head by his and our political opponents, and getting right down to the business of development banking. I would like to congratulate him for setting prejudices which many of us in here would share in relation to the operation of other businesses such as Husbands Wrought Iron. I congratulate him for taking shares in Husbands Wrought Iron and keeping it going, stopping the layoffs and getting the company into a position where it is expected to double its staff during the forthcoming year, and contribute substantially to our export promotion programme. I would like to congratulate Mr. Seale for not being above the small business man who wants to borrow $3,000 or $4,000 to get businesses going and employ one or two people; and I would also like to congratulate Mr. Leslie for showing that he was not demoralised when he had to sit under Bernstein and deal with the likes of Lionel Luckoo and the former Minister of Finance, in his job as a development banker.

Anyway, the development Bank has disbursed so much money in creating the 1702 jobs, the list of which I am very sorry has not yet been delivered to the Leader of the Opposition, that in fact they have run out of money to lend, and they are negotiating anew with the Government for replenishment of funds while it waits for the loan that was recently negotiated – the matters that were recently negotiated to materialise. Some replenishment is on the way, but in the meantime – and I must say that for a couple of months it has not been dealt with as expeditiously as it should have been – but in the meantime the Development Bank has asked the Central Bank to lend it $4 million for 180 days at an interest rate of 5 per cent per year.

Well, the full details of the loan are that no commitment fee will be charged, but interest will be charged on the outstanding drawings monthly at the rate of 5 per cent per year, which facility is intended to continue until June 30th, 1978, up to the amount of $4 million. Commercial Banks had offered the money. One Insurance Company offered $1 million at 6½ per cent for 90 days. Two banks offered $3 million at 7½ per cent for 90 days. Another local Insurance Company offered a quarter of a million at 6½ per cent. Well these banks do not seen to have got the message that the Development Bank is properly run at this time; and they have been asking for an assignment of all the bank's receivable

security to the amount of $4 million. Barclays Bank and the Royal Bank are two of them. I do not believe that Barclays Bank would have the nerve to ask the Royal Bank for an assignment of all the Royal Bank's receivables if it wanted it to lend it this amount of money for 90 days. Although our normal policy would be to place business with the Commerical Banks, Sir, so as to absorb any liquid funds that they might have in such a place as investments exist in the circumstances the Barbados Development Bank will not be able to lend out money to people at reasonable rates of interest under those conditions. They will not be able to lend reasonably if they have to borrow at 6½ per cent or higher, and certainly they will not be executing any receivables for this relatively small amount.

I am therefore asking the House to approve this guarantee for the bank to repay the Central Bank in the fullness of time. I assure hon. members that this has none of the taint of the Bath Plantation transaction or any of the other guaranteed transactions that have taken place from time to time. It is a short term loan. The Central Bank has the funds and is prepared to make the funds available. Perhaps it is the kind of matter that the Government's new Commercial Bank could in due time go into; but it should be said that there is a concession in this which may not be present in the new Government Commercial Bank. I am recommending to hon. members to approve this facility under Government guarantee.

I beg to move that this Resolution do now pass.

Hon. H. B. St. JOHN: I beg to second that.

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

ADJOURNMENT

Hon. H. B. St. JOHN: Mr. Speaker, we have come to the end of the time, Sir, that we have agreed to work to tonight. We have two other matters. What is the time? Is it 10 o'clock?

Mr. SPEAKER: It is two minutes after 10.

Hon. H. B. St. JOHN: I beg to move that the House do now adjourn until Tuesday, 13th December, at 12 o'clock noon.

Hon. H. deB. FORDE: I beg to second that.

The question was put and resolved in the affirmative, and Mr. SPEAKER adjourned the House accordingly.

10.03 p.m.