
THE

House of Assembly Debates

(OFFICIAL REPORT)

SECOND SESSION 1976 – 81

HOUSE OF ASSEMBLY

Tuesday, 3rd July, 1979.

Pursuant to the adjournment, the House of Assembly met at 10.15 a.m. o'clock.

PRESENT

His Honour W. C. B. HINDS, J.P., (Speaker); Rt. Hon. E. W. BARROW, LL.D., (Leader of the Opposition); Mr. R. St.C. WEEKES, J.P.; Hon. C. L. BOLDEN, LL.B., (Minister of Communications and Works); Hon. H. deB. FORDE, S.C., M.A., LL.B., (Attorney General and Minister of External Affairs); Hon. Miss B. A. MILLER, (Minister of Health and National Insurance); Hon. L. B. BRATHWAITE, (Minister of Agriculture, Food and Consumer Affairs); Mr. M. C. C. WARD; Hon. H. B. St. JOHN, Q.C., LL.B., (Deputy Prime Minister, Minister of Trade, Tourism and Industry) (Leader of the House); Mr. B. M. TAITT, M.A.; Hon. L. R. TULL, M.A., (Minister of Education and Culture); and Mr. L. L. SISNETT.

Prayers were read.

Rt. Hon. J. M. G. M. ADAMS entered the Chamber and took his seat.

MINUTES

Mr. SPEAKER: I am advised that there are no Minutes ready for confirmation.

ANNOUNCEMENTS

Mr. SPEAKER: I have to announce that I have received copies of the Accounts and Statements for the month of March, 1979, as prepared by the Accountant General.

Dr. HAYNES and Mr. BRADSHAW entered the Chamber and took their seats.

GOVERNMENT NOTICES

Hon. H. B. St. JOHN: Mr. Speaker, I beg to give notice of the following:

Resolution to approve the borrowing by the Natural Gas Corporation of an amount of \$2.5 million by the issue of Debenture Stock.

REPORT OF SELECT COMMITTEES

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, the Report of the Select Committee on the Immigration Bill has been agreed by the Committee, but I do not believe that it is yet available. It will be laid later in the Session with the leave of the House, and we would seek to proceed at a later stage in the proceedings. I do not think the Clerk has quite completed the typing of the report as yet.

Mr. SIMMONS entered the Chamber and took his seat.

Mr. SPEAKER: The Committee is not ready to report.

Rt. Hon. J. M. G. M. ADAMS: Your Honour has put it more directly.

SUSPENSION OF STANDING ORDERS

Hon. H. B. St. JOHN: Mr. Speaker, I beg to move that Standing Orders Nos. 6, 16, 18, 20, 42 and 45 be suspended for the remainder of today's sitting.

Rt. Hon. J. M. G. M. ADAMS: I beg to second that.

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

GOVERNMENT BUSINESS

Hon. H. B. St. JOHN: Item No. 9.

THE DEFENCE ACT, 1979.

Mr. SPEAKER: Order No. 9 is the instant Order of the Day, to move the second reading of a Bill to provide for the establishment of a Defence Force and for related matters.

Rt. Hon. E. W. BARROW: Mr. Speaker, before the Hon. Prime Minister gets up to do the second reading of this Bill, I should like to point out that members on this side received their copies of the Bill which has some 230 odd pages on Friday; some received it on Sunday. Notice of this Bill was given as far as I can remember one week ago and the Bill was read a first time one week ago. Had it been a short amending Bill or something of that nature, I do not think that members would have objected. The Defence Force has been a long time coming into operation. It started indeed with the promise of a White Paper by me over three years ago, a White Paper was eventually introduced I believe, by one of the Ministers on the other side, probably the Prime Minister himself, and was discussed, but one would appreciate that a Bill of this nature....the Force is operating I believe, in some way or the other — I am not suggesting inefficiently or efficiently, but there is no impediment in a further postponement in the successful operation of the Force or the Regiment or whatever it is now being described as. The only question is the legal formalities which have to be consummated when this Bill becomes an Act of Parliament.

To sum it all up, Sir, I think you will get the gist of my argument is that there has been insufficient time for members of this House to give proper study, and I am therefore inviting the hon. member to postpone consideration. I think that in a week we may be able to deal with it.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I believe that the opinion of the House is in favour of postponing and therefore as a good democrat I will no doubt have to agree; but contrary to what the Leader of the Opposition has said, this in fact is a very urgent matter. July 1st was the deadline for starting the Defence Force. We have passed the deadline. There are matters which as the Minister I have to carry on my shoulders. 10.25 a.m.

The Leader of the Opposition is not entirely correct in saying that we seem to be operating a Defence Force without let or hindrance. What has happened is that the Defence Force had encampers and the men had to be paid by the day. They cannot draw their allowances and rate of pay that are set out in the provisions of the Act.

The Coast Guard persons have to be sworn in as volunteers in the Regiment. The Commanding Officer is paid so many and so many dollars per day and encampers

will encounter very great difficulties in the matter of further delays. The encampment was supposed to have ended on June the 30th.

Hon. members perhaps are daunted by the size of the Act and therefore they think that because it is a long Act that it requires long digestion. You usually get Acts on a Thursday or a Friday in which you normally have the weekend to study them. I say normally. That is the delivery time. Hon. members because they see a big thick Act they think they have a great deal of reading to do but Sections 34 — 194 of this Act relate to matters that while an individual may have an opinion on the court-martial complaint procedure this I think will have to be an opinion they had before being a member of Parliament or while being a member of Parliament as an outside interest because these are common form Regulations throughout the Commonwealth excluding one or two of the Colonial Regulations that are no longer appropriate which Trinidad, for example, has suffered from.

Those 160 Sections plus Sections 208–213 are disciplinary Sections, pure and simple. When I inquired why this Act was so long I was told that soldiers like everything to be written out. They are very fond of Regulations and the Leader of the Opposition can no doubt confirm the truth or false of this and the hon. member for St. Michael West. The meat of this Act is contained in Sections 1 — 32. They are points of principle. I should have included Sections 168–173. They are very important Sections and those Sections in Part 9 and Part 11 which relate to the Coast Guard and the Cadet Force and rather than postpone it at this stage on a permanent basis I would merely ask hon. members if they will glance at the Clauses at Parts 1 — 3 and if they care to, Part 4, which relates to the enlistment.

You will see that Part 5 deals with one narrow subject which is discipline. Glance at Part 8 onwards and see if they really want to postpone it because it is a matter of grave inconvenience any postponement in this Bill. It really will be a matter of great inconvenience to the Government and the Defence Force and I would ask with the consent of the House to let it stand until later on today so that members can see if they comprehend it.

Members who are not interested in military discipline are not going to read the 160 sections if you gave them a year. That is the major part of the Act. They relate entirely to court-martial, appeals from court-martials, what involves misbehaviour and so on and they can be found in any manual on Military Laws. What I would do, Sir, is to withdraw the item and do not now proceed. Just withdraw because there is no Motion before the House. Is that alright and later on in the day...

Rt. Hon. E. W. BARROW: Mr. Speaker, I do not quite understand whether the hon. member is asking that we do not proceed with the Bill today because that is what I am after.

Mr. SPEAKER: I do not think so.

Rt. Hon. E. W. BARROW: What is his indication, Sir, if you will give me some guidance. Is he withdrawing the item or is he not doing it in this sequence on the Order Paper. You guide me on that. I do not quite follow what he is saying that we should do later on, whether we do it today or another day.

Rt. Hon. J. M. G. M. ADAMS: If the hon. member is asking for an elucidation from me, as I understand, the situation is this. If you move that further consideration be now postponed, it would normally be postponed from today's sitting. It has not been moved. What I am saying is that I would generally turn it down in case the hon. members in seeing the Act realise that it is something they can deal with. It is in their hands. It will be entirely in their hands. We will not press for it to be proceeded with today but it maybe that in the interest of completing the business of Parliament so that we can have a Summer recess that they maybe able during the course of the day to look at the Act and realise it is not quite as daunting a problem as they might have thought it at first.

Rt. Hon. E. W. BARROW: I want to say, arising out of what the hon. member has said, that it does not appear to me that there is any possibility of the members on this side being able to proceed with this matter today because before we come into Parliament we usually have meetings to discuss the various matters of legislation which will be considered by the House at this meeting. We have had no such opportunity and I do not think that any interval for lunch or tea will give us the kind of informed opinion on a Bill of this nature.

I will also like to add that if a Bill is to come into force on the 1st of July then the Government is to blame or the Printery or somebody else for its not being brought to the House before that date.

The third point I would like to make as someone who has served both in the Cadet Force and the Regiment and in Her Majesty's Forces over an extended period of time that rates of pay are always expressed in daily terms and as far as I remember the House has voted supplies for the support of the Regiment so the fact that they are being paid on a daily basis as far as I am concerned does not make it imperative that the House should consider a matter like this at this time.

I do not wish to make my intervention very long. The hon. member suggested that we are not interested in

anything like court-martials. We are very interested because they affect the liberty of this Government. We are very interested also whether members of the Force will be expected to serve in other territories in the Caribbean. We had a situation in Trinidad where a man was brought from Ghana to try people in Trinidad and he was executed two weeks ago for military offences so we do not want that to happen in Barbados.

Rt. Hon. J. M. G. M. ADAMS: We can say that Colonel Banfield will not be executed for anything not found in the Statute Book at present, Sir.

Rt. Hon. E. W. BARROW: I do not want to say anything else.

Mr. TAITT: Mr. Speaker, just so that the Hon. Prime Minister would not continue with the elusion that members on this side with a glance at the various parts of the Act will have a different view, in fact, the areas which the Prime Minister alluded to are perhaps very important. I find there are many areas where one would wish to do an in depth study because once the Defence Force is set up it is not a matter that it can be changed with ease. You will have to go through an amendment.

Mr. Speaker, one wishes to be able to compare this Bill with Bills in other Commonwealth Territories. One would have to do some research and if we received the Bill on Friday evening there is no way we can do the research and there is no way in the circumstances where we would be able to do the research and I am asking the hon. member to try and accommodate us at least for a week.

10.35 a.m.

Dr. HAYNES: Mr. Speaker, I would like to draw to your attention that I found this Bill on the floor of my dining room yesterday morning, not Sunday morning, Monday morning. It has been quite impossible for me to even get started into the matter, but I feel that this is one of the most fundamental and serious pieces of legislation which I would be participating in since I entered this Hon. House and would certainly like the opportunity to at least study it to be able to make some kind of contribution because of the implications for this country and perhaps for the region in general.

Hon. H. B. St. JOHN: Mr. Speaker, I beg to move that Item No. 9 be not proceeded with and that Item No. 8 be substituted for my original motion on Item No. 9.

Mr. SPEAKER: I think what the hon. member really wants to do is to withdraw the motion for Item No. 9.

Hon. H. B. St. JOHN: I beg to move that No. 9 be withdrawn.

Mr. SPEAKER: The Hon. Leader of the House has moved that Item 9 be not proceeded with at this stage.

Hon. H. B. St. JOHN: I beg to move that Item No. 8 be the instant Order of the Day.

Mr. SPEAKER: Item No. 8 is the instant Order of the Day.

THE EXTRADITION ACT, 1979

Hon. H. deB. FORDE: Mr. Speaker, the purpose of this Bill is to consolidate into one Statute the law relating to extradition of fugitive offenders and to bring the law into conformity with existing practice in some Commonwealth States.

The law with regard to extradition in Barbados, whether in relation to foreign or Commonwealth States, depends entirely on Statute. This is a creature of Statute, and a fugitive offender from a foreign State found in Barbados may be surrendered only in accordance with the Extradition Act, 1870, the 1935 of the United Kingdom in so far as those Acts have been extended to Barbados pursuant to an Order made under the Barbados Independence Order of 1966. Whereas the fugitive criminal from a Commonwealth country found in Barbados may be surrendered only in accordance with the Fugitive Offenders Act of 1881 of the United Kingdom Parliament.

We are seeking therefore to repatriate the law as far as it affects Barbados, and we have taken the opportunity as well, Mr. Speaker, to update the law to accord with a special scheme in rendition of fugitive offenders which was accepted by Commonwealth Law Ministers in London in 1966, and they formulated a scheme which has now been made into part of the law of most of the Commonwealth countries. In Canada, for instance, Mr. Speaker, there are two separate Acts dealing with the question of extradition, one separately dealing with the question of extradition from Commonwealth countries, and the other from non-Commonwealth countries. The better precedent, however, is to seek to combine in one Act these provisions, and we believe that this Bill with which we have had considerable assistance from the UNDP legal expert assigned to my Ministry will probably be a model bit of legislation for the balance of the Commonwealth. Indeed, Mr. Speaker, I gave an undertaking at the recent Ministers of Justice meeting in Antigua that our Bill, when it has been laid and debated in Parliament, will be circulated to other countries in order to assist them to update the law in this area.

Mr. Speaker, Barbados has succeeded to several Extradition Treaties. In 1966, at the time of Independence, we made a unilateral declaration of succession by which we have undertaken to keep in being all the Treaties which bound Barbados at the time of its colonial status until such time as we could have had an opportunity to revise our views on those Treaties and to indicate to the other parties to the Treaties whether or not we wish to continue with those Treaties. We have been reviewing in the Ministry of the Attorney General and the Ministry of External Affairs the numerous Treaties, and we are almost at the end of that exercise. It seems as though by and large Treaties go back from the 17th century right up to as recently as 1935 when we entered into an Extradition Treaty with the United States of America, but at some time it will be necessary for us with the new legislation to revise the Treaty provisions which we at present have, and the intention is that after this legislation has been passed that we will re-open negotiations with the countries with whom we are more intimately concerned in order to revise all of these Treaties.

It will be necessary for us, for instance, to enter into a Treaty with the United Kingdom in particular, and perhaps to do a revision of the Treaty with the United States of America. I think, Mr. Speaker, it is true to say that civilised States recognise that it is in their own interest to surrender ordinary criminals on a regular basis to each other, and despite such recognition I must say that there is no international law as such of extradition. Extradition law and procedures have primarily been matters for the municipal or internal or domestic law of a country, and bilateral arrangements which may be entered into between particular countries. Except, perhaps, for Latin America where there is an extradition Convention, there are no broad and recognised extradition Conventions in other parts of the world. As Barbados continues as an independent country and becomes more and more mature, having regard to the development in communications all over the world, and the fact that crime is beginning less and less to be confined within national borders, it becomes necessary for us to update the international arrangements which we have dealing with the movement of fugitive offenders running from one jurisdiction to another.

We do have on the Statute Book an Act, I believe it is Cap. 189, which provides for the more convenient administration of the United Kingdom Act, and this Act was formerly the Extradition Act 1878-2, so it is almost 101 years since we have seriously looked at doing something about our extradition laws. Hence the necessity which we attach to this legislation.

10.45 a.m.

We also had on the Statute Books the Venezuela Extradition Act of 1848, and that provided for the

return to Venezuela of certain offenders found in Barbados. These Acts were consolidated in Cap. 189. Likewise we amended the Extradition Act 1870 by the Civil Aviation (Tokyo Convention) Act and the Civil Aviation (Montreal Convention) Act and the Hijacking Act in order to bring in as indictable offenses occurring under those particular conventions. We seek to preserve in this Bill those provisions as well as we have widened the category of offences for which extradition may now be given, for instance, income tax evasion. If I refer to Item 33 of the Schedule of the Bill, this has been done primarily because most other countries with whom we would have bilateral arrangements have similar provisions for extradition.

There are perhaps two matters of principle to which I ought to advert. One is that the law as contained in the proposed Bill laid no specific obligation on Barbados to extradite a Barbadian national. In this respect we have checked the position as exists at common law and which still exists in the United States and the United Kingdom where it is a matter for particular treaty provision as to whether one would extradite a national of one's country. However, international practice on this matter seems to be changing rapidly in light of the development of terrorist activities, and last year the United Kingdom amended the Extradition Act 1870 to allow extradition to the Federal Republic of Germany of a lady suspected of terrorist activity, a lady who had become a citizen of the United Kingdom by virtue of marriage to a subject of the United Kingdom. That is a recent example of changes in the Extradition Act where they entered into a particular treaty with the Federal Republic of Germany in order to give force to a change in internal law. We ourselves have not had any request from any particular country and we will keep under review whether or not it would be necessary to come back to the House at any time for any amendment in this regard. In any event it seems to me that on the basis of the common law it may be possible to do it provided there is relevant domestic legislation to do so.

The other matter to which I would like to draw attention is that there are certain categories of persons for whom extradition will not be granted for certain categories of offences and these are particularly offences of a political character. To bring an offence within the meaning of the word "of a political character" — and I am referring particularly to Clause 7 — the offence must be incidental to and form part of a political disturbance. For instance, homicide committed during an insurrection comes within the exemption. Let me apologise to hon. members if I have to burden them with principles of law, but since this is a legal matter I will have to do this.

I would like to refer to a specific case in which the matter was adequately put — the case of *Schtracks*

v. the Government of Israel. In that case all the Law Lords agreed that none of the definitions of "political offences" or "offences of a political character" advanced in the past by the courts were entirely satisfactory or consistent with modern conditions. The connection between political offences and political "disturbances" made in the early cases reflected only the conditions of those times, and yet this connection ought not to be abandoned altogether, as it appeared to have been in *Kolczynski's* case. A political offence connoted that the fugitive was at odds with the State which applied for his extradition on some issue connected with the political control or government of the country. As Lord Radcliffe explained it:

"The analogy of 'political' in this context is with 'political' in such phrases as 'political refugee' 'political asylum' or 'political prisoner'. It does indicate, I think that the requesting State is after him for reasons other than the enforcement of the criminal law in its ordinary, what I may call its common or international, aspect. It is this idea that the judges were seeking to express in the two early cases of *Re Castioni* and *Re Meunier* when they connected the political offences with an uprising, a disturbance, an insurrection, a civil war or struggle for power; and in my opinion it is still necessary to maintain the idea of that connection. It is not departed from by taking a liberal view as to what is meant by disturbance or these other words, provided that the idea of political opposition as between fugitive and requesting State is not lost sight of."

Lord Radcliffe went on to advance a further view on which none of the other Lords expressed an opinion. His Lordship felt that "if any offence were a political offence, provided only that it could be shown to have been committed for a political object, or with a political motive or for the furtherance of some political cause or campaign, then the idea of opposition between the fugitive and the requesting State might be lost altogether.

I have dwelt at some length on this provision in the Act to show that it is standard form in international law for political offenders not to be surrendered, even in cases where the political offenders may have committed very serious crimes. This does not mean that if the political offender comes within the jurisdiction he may not be liable to be tried by a particular country; but it has been considered to be a safeguard to allow genuine political activity to take place in some countries, and I think that this concept of the political offence is recognized by the majority of independent countries in the world.

Mr. Speaker, I am asking that this Bill be therefore read a second time, and as we go through the committee stage I will draw members' attention, if necessary, to the implications of any particular sections of the Bill.

Hon. H. B. St. JOHN: I beg to second the motion.

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

10.55 a.m.

Hon. H. deB. FORDE: Mr. Speaker, I will therefore move that the House go into Committee on the Bill; and in doing so, I will draw to your attention that we need a Chairman. I will therefore move that the hon. member for St. Philip North be appointed Chairman of Committees for the consideration of this Bill.

Rt. Hon. J. M. G. M. ADAMS: I beg to second that.

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

Hon. H. deB. FORDE: Mr. Speaker, I beg to move that you do now leave the Chair, and the House go into Committee on this Bill.

Rt. Hon. J. M. G. M. ADAMS: I beg to second that.

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

Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. SIMMONS in the Chair.

Hon. H. deB. FORDE: Mr. Chairman, I am asking your leave and the leave of the House to deal with this Bill in Parts after we have done Clauses 1, 2 and 3.

Rt. Hon. J. M. G. M. ADAMS: I beg to second that.

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

On separate motions of Hon. H. deB. FORDE seconded by Rt. Hon. J. M. G. M. ADAMS Clauses 1 and 2 were called and agreed to.

Clause 3 was called.

Hon. H. deB. FORDE: Mr. Chairman, in moving that Clause 3 stand part, I would like to say for the benefit of the House that wherever possible in the future we will be stating the purpose of Bills within the body of the Bill itself; and the use is made of certain clauses in this Bill, for instance, to assist in the construction and

interpretation. The course will be also assisted by the scheme relating to the rendition of fugitive offenders within the Commonwealth as formulated by the Commonwealth Law Minister; and the purpose here is that while such interpretation of the kind given to remedial legislation can be practically assured, the purposes of the Bill might fail in the subjectives.

There has been, as hon. members will note, a change in drafting style on the basis of the recent thinking of drafting legislation; and as a result of studies done I hope that Bills will be more simplified, and easier both for the courts and the House to consider.

I beg to move that Clause 3 stand part.

Rt. Hon. J. M. G. M. ADAMS: I beg to second that.

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

Part I was called.

Hon. H. deB. FORDE: I beg to move that Part I stand part.

Rt. Hon. J. M. G. M. ADAMS: I beg to second that.

Mr. TAITT: Would the Hon. Attorney General look at Section 6(3)? It says: "No fugitive may lawfully be surrendered to a Commonwealth country or to a foreign state by the Attorney General or any other person in Barbados unless the fugitive has first been committed for surrender pursuant to section 13."

I do not know if the Attorney General can tell us what is the difference between a Commonwealth country and a foreign state. It would seem to me that a Commonwealth country is not a foreign state. In my view what is said earlier in Clause 3 indicates that there is no difference for the purposes of this Act between a fugitive from a Commonwealth country or a foreign state.

Hon. H. deB. FORDE: The reason for the distinction here is because we decided wherever possible to have a slightly different system for Commonwealth Countries is because we decided wherever possible to have a slightly different system for Commonwealth countries and foreign states. We have tried to define the term in Section 46 of the Bill in Part V. Section 46(a) says that "Commonwealth country" means a Commonwealth country (other than Barbados) and includes any part of political subdivision thereof or any dependency thereof."

Mr. TAITT: There is one other point. In section 6(1) of the Bill it says that "A fugitive may be apprehended, committed for surrender and surrendered in the

manner provided by this Act whether the crime or conviction in respect of which the surrender is sought was committed or took place;

- (a) before or after the commencement of this Act in the case of a Commonwealth country."

I think that the Hon. Attorney General would agree that this poses some problem in its present form. It seems to suggest that there will be some element of retroactivity in the application of the Act. I am aware that you are consolidating the present extradition provisions, but I think that an explanation is due to the House as to why this Bill will have a retroactive capacity. I think that all freedom loving people are much worried about retroactive legislation to begin with, and when legislation has to do with the movement of bodies, or the return of one person from one state to another state before the particular piece of legislation is passed, some concern is in order; and I hope that the Hon. Attorney General will explain this to us.

Hon. H. deB. FORDE: In answer to the hon. member, let me say that if for instance an offence is committed now by somebody in France, a person who comes to Barbados, we will start extradition proceedings under the existing United Kingdom legislation in so far as it is relevant to Barbados. What Section 6(1) seeks to say is that a fugitive may be apprehended under the provisions of this Act whether the crime or conviction in respect of which the surrender is sought was committed or took place before this Act came into operation.
11.05 a.m.

It deals really with making transitional provisions under this Act, as otherwise we would have had a situation continuing where we would still be using the old Act and we would have to enquire whether when we apprehended a fugitive we should follow the procedure of the old Act or follow the procedure of the new Act and that is why from an appointed day the new Act will be proclaimed and any requests which are outstanding will be dealt with according to this Act.

Mr. TAITT: Mr. Chairman, with great respect, I would have thought that if the Attorney would have included a clause in the Bill which would deal with any applications which are outstanding, the purpose which he has just adumbrated would have been better achieved. It seems to me that, if I may use the words of the hon. member for St. Thomas in these circumstances, a Bill might have been drawn since the new Act was coming into force. I do not recall that Barbados is overwhelmed by requests for extradition unless the Attorney General knows of something which is not now public, and therefore it would seem to me that the instances of outstanding applications for extradition would be relatively few, if any at all. I am concerned that this Act

that we are about to pass does in fact suggest that no matter what the act or the offence that was committed some time ago that you would be able to apprehend, commit, surrender, even if the act was committed before the commencement of this Act. I think the Attorney General sees the difficulty.

Hon. H. deB. FORDE: Let me explain a little bit further myself and the hon. member may appreciate what I mean. Let us assume that today a crime is committed in Germany for which extradition proceedings commence in the German Courts, but the fugitive is at the moment in India and before they can move towards India for extradition he flees to Brazil and stays there and is not caught up with for some time, and he reaches Barbados five years from today. Now that fugitive at the time when he committed the crime in Germany would have committed the crime at the time when the 1870-1935 United Kingdom Acts applied, but five years later when the steps are taken for extradition the relevant legislation in Barbados is this legislation, and this is to facilitate the procedure, and in fact it is an improvement on the United Kingdom legislation, and that is what we are saying in section 6(1), that we may then apprehend him, bring him before the magistrate and surrender him, although at the time when he committed that offence in Germany we had not updated our legislation in accordance with this Act.

The question that Part I stand part was put and resolved in the affirmative without division.

Parts II, III, IV and V were called and passed.

The Schedule was called and passed.

On the motion of Hon. H. deB. FORDE seconded by Hon. L. S. CRAIG, Mr. CHAIRMAN reported the passing of one Bill in Committee, and Mr. SPEAKER resumed the Chair and reported accordingly.

On separate motions of Hon. H. deB. FORDE, seconded by Hon. L. B. BRATHWAITE, the Bill was read a third time and passed.

Hon. H. B. St. JOHN: Mr. Speaker, Order No. 6.

THE EXPORT PROMOTION CORPORATION ACT, 1979.

Mr. SPEAKER: Order No. 6 stands in the name of the Hon. Minister of Trade, to move the second reading of a Bill to provide for the establishment of a Corporation for the purpose of developing the export trade of Barbados.

Hon. H. B. St. JOHN: Mr. Speaker, the object of this Bill is to create an Export Promotion Corporation to carry out the functions which are very clearly set out in

paragraph 4(1). As hon. members will be aware, the promotion of exports is a matter which every Barbadian will appreciate is important. We have been advised that the best manner in which this can be done is to create an instrument which is broadly representative of all of the institutions and personnel involved in the total export effort. It is for this reason that the Board will be constituted in a manner to reflect the several interests which are mentioned.

We are now in a position in Barbados where we can attract help in this total export effort, but one of the constraints of the receipt of this help is that all the agencies involved feel that it is necessary to have legislation of this type. The Cabinet accordingly examined a number of similar corporations and we have come up with the provisions of this Bill. So far we have had the benefit of advice from the Commonwealth Fund for Technical Cooperation, who had an officer here for one year, and subsequent to that we had the benefit of advice from an exceedingly well qualified officer of the Irish Export Promotion Board.

11.15 a.m.

He was in Barbados for approximately four months and he did a complete review of our Laws relating to Export and his Report is before us now and subject to study in the Ministry and he has chartered for us a programme of action for the next three years.

Why I say that we were fortunate to be in receipt of advice from the Irish Export Promotion Board is because it is my opinion that being a small country we in Barbados have to be very careful in shaping our Institutions and patterning them against other Institutions in much larger countries and I feel that Ireland has made a tremendous success in their export effort and just as our Industrial Development Corporation has benefitted greatly from a comparative study of the experience of what has taken place in Ireland, I feel also that our Export Corporation could regard the experience of the Irish Export Promotion Agencies as being particularly applicable to Barbados.

We have also had a look at the Export Promotion Statutes of such countries as South Korea, Singapore and the Philippines. The efforts in Singapore, Korea, Malaysia the Philippines are also well known and I feel that we too can benefit from the experience of those countries in particular.

The other area that I think is of importance in this Bill is that paragraph 10 sets out the funding for the Bill. Many of these countries in addition to grants from Government permit the Corporation itself by way of a levy lending on exports to raise funds for the export effort.

We know in Barbados the difficulties one receives in getting particular sectors of the economic activity to contribute to financing by way of the principle of a levy. In view of the fact that we in Barbados also have a Levy known as the Unemployment Levy, my understanding is that it is not the intention of Government in the early stages of the Corporation to permit the Corporation to make use of the provisions which it empowers it to levy on exports but the funding would be provided by way of funds from Parliament and hon. members will recall that one of the points when the Unemployment Levy was made was that part of the funds it collected would be ear-marked for funding the special export effort.

This Bill has been circulated to each and every member of the National Advisory Council of the Ministry of Trade and Export. That Committee is representative of the Central Bank, the Chamber of Commerce, the Manufacturers Association, of the Barbados Agricultural Society, of the Rum interest, of the Barbados Marketing Corporation, and with the Industrial Development Corporation. Obviously there must be a synchronisation or harmonisation of the efforts of the Industrial Development Corporation and the Export Corporation. There will be close liaison and it would be expected just as on the National Advisory Council in the Ministry of Trade which will be abolished when this comes into operation, the Industrial Development Corporation will represent those too as part and parcel of the governing Directorate of this Body. The Industrial Development Corporation will be represented.

It is also vital too that the other Government Agency which will be represented would be the Central Bank. The Central Bank has lately introduced a scheme for the encouragement of exports in the form of an Export Guarantee and an Export Insurance Scheme. They have a very important part to play in financing of the export efforts. That scheme has been in operation since July last year and I am very pleased with how it has been operated.

I know that it does not quite meet all of the requirements of the manufacturers but the manufacturing community in Barbados must understand that these schemes take time to be instituted. They need to be funded and their particular requirement arising out the peculiar conditions of export in Barbados to various markets will be considered and amendments will be made from time to time to suit these various Institutions.

The other important point would be the question of whether the Corporation itself will do the actual trading. Now a number of Export Promotion Agencies in other countries do have a subsidiary or affiliated company which does trading. We have been advised that it is better for the Corporation itself to start off in the general

promotion and identify the efficiency of the existing marketing agencies for some time before it indulges in actual trading.

The experience of Ireland is particularly valuable in this respect and also the experience of Korea so that this Corporation is fully empowered to indulge in this type of activity but again as I said, we have been advised that it is better to do the general promotion from the beginning and that we should look at that after the Board has been in operation for some period of time.

I can only say, Sir, that in the course of the last two years I have been Chairman of the National Advisory Council in exports and I believe that all of us who participated in that had a very clear idea of all the bottlenecks and problems the exporters in Barbados meet in trying to carry out the declared objective of increasing our exports. Our exports in fact have been rising and last year we exported non-traditional exports over \$130 million, that is excluding re-exports and excluding sugar and things of that kind. Despite what we heard last year, the Caricom market was very important to Barbados in that the exports reached \$34 million odd excluding re-exports.

11.25 a.m.

We have, as hon. members on both sides will be aware, opportunities under the various GST schemes, as well as we have opportunities under the Lome Convention, and subject to the settlement of the three outstanding matters that we have we will have under the successor agreement, whether it will be Lome II or Caribbean I, we do not know yet, but we know that the existing trade provisions will be basically in existence and that there will be some improvements in the presentation of rules of origin.

One of the things that we have found in Barbados is that a large number of people who are in actual charge of the implementation of firms' export efforts are not fully aware of such matters as the documentation and the eligibility rules. Now, both the Advisor of the Commonwealth Fund for Technical Co-operation, the Economist in the Ministry of Trade, and BIMAP have in conjunction with the Manufacturers' Association and with the Chamber of Commerce have been having a number of seminars with the object of expanding the various rules of origin and things of that kind, but this is a long process. One of my greatest regrets is that our existing educational institution, namely the University of the West Indies, its courses in business do not pay sufficient attention to these practical matters, so that when people graduate from there they are not familiar with the details of these matters, as opposed to the theories of international trade. The theory is very good as a background, but I would hope that when people graduate from the University that they will have some practical knowledge of what is

involved in the preparation of the documentation, so that they themselves will not be confused by the fact that there are various types of documentation in respect of various markets. I think that this gap is going to be filled by BIMAP, the Export Promotion Corporation, and we do hope that in the very near future the University of the West Indies at Cave Hill will have some liaison or association with BIMAP whereby part of the work that is done at BIMAP can be dovetailed into the economics faculty at the University, and people who want to do, say, the B.Sc. in Business Administration, and do as one of their specialties export trade or some other course at BIMAP, that the period of time they spend at BIMAP will be credited. This is done all over the world, and the fact that we have taken our traditional university education from the United Kingdom will not prevent us from implementing systems which have been used in other countries in North America and which have been found to be exceedingly useful.

One of the most amazing things that one finds is that many people seem to think that in the United Kingdom it is only the universities that do the tertiary education. In truth and in fact a large amount is done at the colleges of advanced technology and separate colleges of business, and the polytechnics and things of that kind, and very often people who are involved in production and marketing do not necessarily go through the university but go through these other institutions. Of course we in Barbados cannot afford to have all these separate institutions, so what we have to do is tier our institutions to make sure that we avoid duplication and that we have a maximum amount of complementarity to produce the desired type of project that we need for our particular situation.

I believe that this Bill will have the support of all hon. members, as I do not think that the export effort in Barbados is a matter for partisan political approach. All of us recognise that in our rather tiny domestic market, with the very relatively small market within the Caribbean area, that if we are to provide opportunities for employment in our industrial activity we must take advantage of the opportunities provided under the GST schemes and the Lome Convention and its successor, and we must get out there and market throughout the world as other countries have done, such as Singapore, Korea and others.

Accordingly, I commend this Bill to the House, and I beg to move that it be read a second time.

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

Mr. TAITT: Mr. Speaker, it is gratifying to hear the Minister end his introduction of this Bill with the observation that the promotion of exports in Barbados is in fact a non-partisan activity. I think in that vein that he

will not mind my taking this opportunity to note from this side that he has been appointed Chairman of the ACP Group for the six month period beginning August 1. That is an indication that when we were on that side of the House and we participated in the establishment of the agreement of the Lome Convention, that we too saw the development of this country and we saw the promotion of this country in broad terms and in visionary terms which went beyond the five year development period, but indeed stretched into the 21st century. For indeed, Mr. Speaker, the whole development, especially the economic development of Barbados, must now be looked at in terms of what Barbados will be like come the year 2001 and how we are going to be able to provide a quality of life for the vast number of young people who will have come to fruition during the period between now and then.

The establishment of an Export Promotion Board under this Bill is something which perhaps was inevitable. Mr. Speaker, back in 1963 the then administration created an Exports Industries Act, the objective of which was to create the fundamental export industries which would give Barbados and Barbadians some indication of how we might earn foreign currency, learn the ways of production in a specific manner and move away from or compliment such export as we had been doing and which had been done in Barbados from its inception.

11.35 a.m.

We in Barbados always exported sugar and related items, but the world of the other kinds of export is an entirely different world from that which sees sugar being delivered in bulk to ships picking it up and taking it to specific markets. Thus, when we moved in 1971-72 to have the United Nations Development Programme (UNDP) provide us with some assistance to examine the modern approach to export it was in keeping with the philosophy that the export trade from Barbados of new and different industries was going to form part of the salvation of this country. The hon. member will be able to tell this House from the files that in 1972 UNDP under the auspices of UNCTAD and GATT sent an expert to Barbados to examine the potential of our exports, and the expert took a year before he could come up with a report which I must say was not entirely acceptable to the IDC; and indeed the IDC came a year later and produced a variation of the report, which formed the basis of the decision made then and now culminating in the creation of this Export Promotion Board. At that time the report suggested that there ought to be a unit within the Ministry and that there should be an advisory Board meeting four or five times a year, with funds provided by Government and with travelling representatives going into various markets to seek outlets of potential manufacturers. At that time our examination suggested that a small unit within the Ministry was not in

keeping with the approach we should have towards exports; and bearing in mind that this country has had a proliferation of development agencies, Cabinet agreed in 1975 that the Export Promotion activity in its initial stage at least should be related to the IDC. In Barbados in the overall package of development we have seen the creation of BIMAP, the National Standards Institute, The Tourist Board, the IDC, the Barbados Development Bank and more recently the Barbados National Bank. We must be extremely careful that we do not spread ourselves so thin in the creation of Government agencies that in the end we get diminished returns from our investments. I have no quarrel with the decision to recommend the establishment of the Board. I think that soon after coming into office and perhaps guided by some who can only be guided by the written word, we withdrew the Export Promotion Agency from IDC and brought a small unit within the Ministry. I suspect that the difficulty of functioning from within the framework of the Ministry may have come home to the Minister and hastened the decision to press on with the Board. But I am not certain that sufficient expertise has been accumulated by those connected with Export Promotion activity to warrant a creation of an Export Promotion Corporation at this time, but as I have said, I have no quarrel with the establishment of the Board. However, I must say that the mere establishing of an export Promotion Agency will not by itself solve the problem of exports. Many people seem to feel that once you create an agency, automatically that is the solution to the problem. In the final analysis how well we do in the industrial development field or the export promotion field will depend on the quality of the people functioning in these areas. It will depend on those people's attitude to the work they have to do. I make bold to say that at this moment Barbados is hard-pressed to find anyone of the requisite experience or expertise or aptitude for the high level activity required in the export promotion business. It is absolutely necessary that we start to train immediately as many people as possible in this very specialized area.

Mr. Speaker, the reason why I have agreed with the Minister's statement of non-partisan approach to these matters is that I do not believe that in the export promotion field we can afford to have "jobs for the boys". I would like to believe that from both the private sector and the public sector we are going to see a search inside and outside of Barbados for the kind of persons we will need to staff this agency. Integration with the IDC was from our point of view the road to the philosophy I am now putting forward, that is to say, within the industrial development corporation they had had some expertise in the business of making international contacts, in making efforts to bring what is in fact the obverse side of

promotion into Barbados, because if you have no industry you will have nothing to export and so it is vital that expansion within the Industrial Development Corporation as there has been — and I want to draw to the attention of the Minister responsible for the IDC and to the Chairman, the hon. member for Christ Church East, that the IDC has started taking on the image of a bureaucratic institution in that it has a broad base of persons, and I suggest he make an assessment of the results he is getting vis-a-vis the amount of staff employed. Nonetheless, I make bold to say that within the Industrial Development Corporation Government should seek to find what expertise it has in the field to export promotion. As far as I am concerned the IDC and the Export Promotion Board are obverse and reverse sides of the same coin. We in Barbados have heard a lot of noise about export; we have witnessed a growth percentage wise in export; but if you are starting from zero as we did, it is easy to get a high percentage increase. A number of persons have left the shores of Barbados and have come back and indicated that they had orders for large quantities of products, only to discover later that those persons who had indicated that they would like to order various items were not in a position to place orders. In the meantime there would have been information in the Press about \$7 million worth of exports having been arranged.

11.45 a.m.

It is desirable, Mr. Speaker, that we do not delude ourselves about the quality of our effort. If we continue, as the trend has set in, to give the public of Barbados the idea that export promotion has been so successful that we have gained — I think that the Minister said that we had gained \$34 million last year. If we delude ourselves with such figures which are indicative of a substantial movement in the export field, then we will find that five years from now or 10 years from now that the effort of creating Boards and establishing Institutions would have been a waste of time.

Mr. Speaker, there have been a lot of complaints and controversy on the question of Jamaica's and Guyana's inability to either receive our exports or their capacity to pay for such exports that they receive. I have no doubt that the Minister will make another statement on this subject as he considers it necessary; but I think that it is not always appreciated in Barbados that in the same way that we are in a negative position with our trade with Jamaica, that there are other Caribbean countries that have always been in a minus position vis-a-vis Barbados.

I think that it is important to point out that these Caribbean countries like St. Lucia, Dominica and

St. Vincent could start to re-act to Barbados in the same way that Barbados has been reacting to Jamaica and Guyana; and like "ring a ring of roses," we all will fall down. I think that the recent election results in St. Lucia will have to give Barbados something to think about; and it is certain that some of those persons who have been able to benefit from what may be called export activities of commission agencies, for example, in St. Lucia one will find that the St. Lucian Government will not engage in that kind of activity. It will mean that Barbadians will have to become involved in manufacturing activities.

Those Barbadians who have at their disposal some money to invest have tended to be reluctant to put their money into places which require work. Commission agencies and import houses which have brought great profits to dubious and doubtful characters in this community have tended to steer Barbadian businessmen into a wrong direction; and we are unable and will be unable in this country to have a meaningful development of the industrial infrastructure until Barbadians who have the wherewithall themselves to become involved in the industrial development effort.

It is interesting that most of the local agencies who have been primarily involved in manufacturing, and those who had no nest egg to begin with, and those who have had to depend on assistance, gratuitous or otherwise from the Government or from Government agencies in the past or indeed in the present — it is very significant that a number of those companies have had difficulties in surviving over the last few years; but for what it is worth, Mr. Speaker, if you look at the other side of what is described as business in this country, you will see that certain importers continue to flourish, and indeed they seemed to grow even more while the manufacturing sector is limping along comparatively slowly in terms of profits.

I hope that with the establishment of this institution and the incentives which the Board will bring, will induce more and more people in Barbados with money to get involved in the industrial development of the country; and I hope that the directors who will staff this Board will recognise that there are persons with high potential across Barbados and outside of Barbados for whom it would be necessary to provide not only a three months course of training, but practical training over a long period of time; because it is going to be some time before Barbadians can boast of having this expertise in the field of export promotion.

I would just like to touch on one last point, Mr. Speaker. The Minister referred to the relationship between the Institute of Management and Productivity

and the University of the West Indies. I was pleased to hear that reference because he was pushing at a door which I opened more than four years ago. It is my feeling that this institution should reach, continue and sustain a level of instruction that makes its instructees eligible for consideration at any university level. I have felt, and continue to feel that not only in the private sector, but in the public sector that the Institute of Management and Productivity, should, whatever Civil Service College is contemplated, form part of the University of the West Indies for the purpose of management training.

It is absolute nonsense for us in this community to have people in Government who are totally unfamiliar with the import-export documents and not able to understand what is involved in the shipment of any one item; and I believe that it will be a waste of time for people to go to the Institute of Management and Productivity and will only be able to frame a certificate handed to them at the end of their course and put it in their offices, and will not be able to go on and get additional training that will make the difference between being good supervisors and top level executives. I hope that the Institute of Management and Productivity has been successful in pursuing accreditation outside of Barbados. If it has not yet done so, it should do so, so that people who leave the institute will be able to go to other institutions and get additional training. I look forward to the time when the institute forms a part of the Faculty of Management at the University of the West Indies so that both the private sector and the public sector can benefit; because it will be a waste of time if there are to be a large number of persons outside of the private sector who are familiar with management in industry and who are familiar with the techniques of promotion, and when they have to deal with persons at the governmental level, those persons are ignorant of what they are talking about.

It is vitally necessary that the Ministry should be staffed with persons who have the requisite technical ability to understand what other persons with similar ability try to speak to them; and for those reasons I look forward to the time when Barbados will be able to boast of a quality of training higher than is now obtained at the Institute of Management and Productivity.

Mr. Speaker, we on this side will support an institution of this nature; and we will watch to see whether the high standards promised are maintained.
11.55 a.m.

We offer the warning of caution to the Government that failure to maintain those standards

will get a very strong and sustained reaction from us on this side.

Dr. CHELTENHAM: Mr. Speaker, the growth of non-traditional exports is fundamental to the continual development and diversification of our economy, and it is in that context that I join earlier speakers in welcoming the establishment of an independent statutory corporation for the promotion of exports, and the sort of caution that the last speaker gave that the mere establishment of this institution cannot and will not by itself guarantee the success of our effort. In the first place it would be necessary to have this corporation properly staffed; in the second place it will be necessary at all times for it not to be starved of finance; in the third place it will be important that it be given very clear-headed leadership, and in the fourth place I think it is necessary that the private sector play their role particularly in changing their attitude towards risk-taking that is necessary if we are to penetrate the export markets.

If I may elaborate on those points which I have made, I should like to say at the outset that it is necessary for us to appreciate the distinction between a developmental agency and a regular agency. A person who is hardworking, intelligent, but cautious and unimaginative may be well suited to be the head of a regulatory agency, but that person is not well suited to be the head of a developmental agency. I think that that distinction has been lost in this country perhaps by both administrations, and I think that it is a distinction which needs to be emphasised. Unless an organisation is peopled by the right persons in terms of imagination, clear and independence of outlook, capacity for quick action without looking over your shoulder, unless we have that sort of person at the head, we begin by making the first mistake.

As has been said by the last speaker, Government's efforts at export promotion are not new; they did not begin two years ago and the IDC itself has some experience in this field. One of the lessons which we have learnt and which I would like to pass on to the Minister, indeed I have already done this privately, is this: week after week, year after year you are literally flooded with invitations from all parts of the world to participate in trade fairs of one sort or another. In the past we in this country would spend a lot of money mounting trade fairs to many distant corners of the earth — Germany, Britain, Sweden and all that. The truth is that the technique of a trade fair, the device of a trade fair is not particularly appropriate for countries like ours that do not really have the capacity to deliver large orders, and we have found that it is much more profitable and

sensible to go, let us say, to Montreal and rent a suite in a hotel, invite identified prospective persons, spend a few days giving them personalised attention and come back home. You stand a far greater chance of succeeding in penetrating that market than if you go out and set up a booth at great expense and hundreds of people pass by over ten days to two weeks.

I can tell you that notwithstanding the large amount of money which we spent in the fair of the Americans which was held in Miami about a year to a year and a half ago, Barbados got less than \$1,000 BDS. in orders, and as a result of that fair over \$100 million in orders were placed. So that I think I have said enough to illustrate the point, and unless we learn from the lessons of the past, we will waste the vital early years as we stumble on to the right strategy and tactics for export promotion.

I see, Mr. Speaker, that the Minister will only have a say in the appointment of the Executive Director and of the Deputy Executive Director and other personnel do not have to be approved by the Minister for their appointment. This is an interesting and welcomed departure. I have early in the life of this administration made the point that we need to revisit, as it were, the institution of the Statutory Corporations and really see whether or not they have independence to do the job which they have been set up to do. One of the reasons why it is important that export promotion be put in the hands of an independent statutory body is because it needs to be separated from the main stream of the bureaucracy with all the day to day restraints attendant on being positioned in the main stream of the bureaucracy. If you set up an organisation and you do not invest it with the necessary independence to act quickly and speedily without reference to a Minister firstly through a Permanent Secretary and perhaps through Establishments, then you deny the very purpose for which the organisation has been set up.

Right now in Barbados we have two classes of statutory corporations; some people are saying three. We have the Central Bank, the Insurance Corporation and the National Bank. They have a large measure of independence in relation to the appointment of personnel without reference to their Minister and in relation to setting the salary of the members of their staff. We have some on the other hand that cannot appoint a person beyond \$1,000 a month unless they suffer what is no more than the indignity of going through the Minister, who sometimes with the best will in the world does not see the recommendation until three months after it has been made, and we have some who have no authority to do anything at all. It is as though they were civil service departments, and

they are really outposts of the civil service called statutory corporations. Well clearly this cannot continue, and I am very glad that in the case of this particular corporation, except for the Executive Director and his Deputy there will be no need to make reference to the Minister for other appointments.

I want to say further that if we are to get the right sort of people to do the job that has got to be done, it makes no sense asking the Chief Establishments Officer what he thinks and what he thinks the pay should be because it is not supposed to be more than his to begin with. You have to understand that.

12.05 p.m.

It is a matter of commonsense. It is not going to be more than his. He is not going to recommend that and no Permanent Secretary who is advising a Minister is going to recommend that it should be more than his either.

Rt. Hon. J. M. G. M. ADAMS: On a point of order. While I appreciate the sentiments of the Hon. member I think it is only fair that we recognise that his statements although they may appear to be generally true, they do have a number of exceptions and it has been my experience that the Chief Establishment Officer and the Permanent Secretary have recommended salaries higher than their own for officials dealing with Statutory Corporations.

It has not happened during our regime to adopt a situation as the payment to the Manager of the Caves Authority of \$4,000 a month but perhaps if the hon. member will cast his mind back to that, it is not so outrageous and that his statement is not true for all purposes and for all times.

Mr. SPEAKER: Your point of order has been very lengthy.

Dr. CHELTENHAM: It is not only lengthy, Mr. Speaker, but I think it will serve to emphasise the very point I was making except for the circumstances in which you cannot do better — it was impossible to find a Manager for the Caves Authority except at that salary. They had no choice, but I make the point that if we are to attract people with the requisite background and qualifications it will be very necessary that there be some flexibility in relation to the salary structures and that we do not think in terms of tying ourselves to what exist in the mainstream of the Civil Service.

I want to make one other point in relation to the recruitment of personnel and it is this. There is quite often not a large number of people available in Barbados for many jobs but with a few exceptions. It has been my experience that unless a person has been trained in the

Caribbean, even if they went overseas after the first degree was taken at the UWI, many people who have left 20 years ago, Barbadians who are now coming back at 40 having been trained exclusively outside of the Caribbean and not having lived in this society for 20 years do not fit in well on coming back. They do not understand the arms on which this society is structured, a lot of improved aspects of this society which you have got to be living in the society to observe and understand, they just do not understand and the first few years are quite often wasted years. I think we must be very careful when we say just go outside and find a man.

I would very much like people and this has been my experience that people who have been trained in the area, even if subsequent to that training they went overseas and got some experience and exposure in the other line, that would be more acceptable.

I turn to one point which has been made by the last speaker and it relates to BIMAP. Ever since I assumed the responsibility of Chairman of the Board of Trustees of BIMAF I have been concerned that BIMAP should try to get some measure of recognition for diplomas and certificates which they issue there. I do not think it is fair that a person who spent many hundreds of hours pursuing a diploma in wide areas of Social Sciences who then have to come to the UWI and not be credited there with any part of his work to date.

On the other hand, we must be careful that in pursuit of this particular objective not to over-load the curriculum with academic content. It is a particular role, as I understand it, in the structure of Education in this country and it is quite often catering to people who are in middle or even senior management today in Barbados who have had no more than a Primary School Education and who are doing a good job and can do a better job by exposure to other systems and to some formal input.

I think that we will be putting the Courses completely outside the reach of those persons if we do not ensure, Mr. Speaker, that the curriculum is not over-loaded with academic content. I think this is the point that we must bear in mind as we pursue the objective of trying to secure some form of recognition by other Institutions for the work which is being done at BIMAP.

With these comments, Mr. Speaker, I join, as I said earlier, with all those who have spoken in welcoming this legislation.

Dr. HAYNES: Mr. Speaker, I would like to make a few comments on this particular bit of legislation and from the outset I would say that the Hon. Leader of the House, largely by his silence in this particular area and the hon. member for St. Michael South West have clearly demonstrated the importance attached to exports in relation to development of the economy of this country and adequate tribute has been paid to the performance of

a previous administration in this regard and we are pleased to note that the pre-eminence of this area of activity is noted by the present administration and we regard this legislation as the continuation of this effort.

Indeed, Mr. Speaker, looking at the performance of the Barbados economy over the past few years, there can be no doubt in my mind that the serious imbalance which we detected within Tourism made a very major contribution and other areas such as agriculture, agro-industrial development and I suspect for reasons which I will outline further that even the manufacturing sector has not performed to the extent that one would wish to see in this country.

In relation to this particular piece of legislation, there is no doubt that the Corporation by consolidating many of the various administrative efforts and other efforts made in the past, if properly structured, properly staffed and proper respect shown for expertise, not only in management but also a profound understanding of the nature and the various aspects of activities which would give rise to exports, that this can be a successful operation and make a further contribution to the development of this country and it is such a vital area that I would like to support the statements made by the previous two speakers who even put it in a much more forceful form than in this....

Mr. SPEAKER: They have been three previous speakers.

Dr. HAYNES: I was speaking of two in particular, the last two speakers, Sir.

Mr. SPEAKER: I would rather you take the opportunity of identifying the two as they have been three.

Dr. HAYNES: The hon. member for St. Michael South West and the hon. member for Christ Church East. 12.15 p.m.

In this area there can be no room for any yard-fowlism, there can be no possibility of appointing yard-fowls to any position, whether it be on the Board of Directors or as officers of this particular Board. Even yardfowls like Henry Christopher, and I say this for this reason, that whereas previous speakers have looked at the structure of industry and the export exercise in the past, I would like to bring to the attention of hon. members some matters that have been occupying my attention over the past three to four years in respect of export effort. One is this. I have a suspicion that the manufacturing sector is not making the same contribution to the economy in the seventies now as it will have made ten years ago, and it is for this reason. If one looks very carefully at the rapidly escalating cost of raw materials, if you look at the cost of freight, — and this is of particular importance — if you look at the cost of energy in terms of producing a product for export after the raw materials

arrive here and after the cost of freight has been put on, many people who are concerned with such factors as the best utilisation of energy, bearing in mind the increased cost and the effects of our foreign exchange position, have seriously raised the question whether we should not be very careful in entering into areas of industrialisation which, Mr. Speaker, put a heavy charge on our fuel bill and might in fact when the total exercise is costed up in terms of the national effort, you might find that that particular industry might be giving rise to a net loss in foreign exchange to the country as a whole. This is the kind of exercise which I would like to see such a Corporation getting involved in in terms of evaluating the amount of contributions which that particular sector will be making to the export industry.

From time to time I hear figures quoted indicating an increased performance in the export industry, and these figures are quoted in dollar values. Exactly what they mean is extremely difficult to evaluate because a chair might have been exported two years ago for \$50, it might be exported next year for \$150, but that does not mean that there has been an increase in the manufacturing or the exporting effort of that particular firm by \$100, because the volume of export remains one chair, but the dollar value of course would have changed considerably, and therefore as far as the country is concerned the net effect would not have specifically changed.

Many observations have been made about the problems which this country faces in relation not only to CARICOM countries but also to non-CARICOM countries in relation to its exports. I feel myself that there is a need for a greater effort on the part of the Government to try to solve the problems which our manufacturers have been faced with within CARICOM, and I believe that such a Corporation might produce valuable study and information to assist Government in taking positions in that matter.

On the question of export to non-CARICOM countries, particularly the highly industrialised countries, it is important to note that your industries have to be so geared and organised to take advantage of opportunities in those particular territories. I think the member for Christ Church East has adverted to the problem of skill of production, and skill of production is extremely vital. I certainly have personal knowledge of an instance where advantage could have been taken of millions of dollars in export orders, but the basic problem was the lack of capital or lack of capacity of local plant in order to meet that particular order, and therefore all those orders went by the wayside.

Then too, Mr. Speaker, I believe that such a Corporation should have as one of its functions an examination of the amount of employment bearing in mind also the wage structure of employment in this particular area,

because in the final analysis apart from the earnings from foreign exchange it is also vital that the people involved in the exercise of manufacturing for export should be the beneficiaries of many of the benefits derived from that exercise. In this area I will also once again draw attention to those involved in the development of manufacturing in Barbados that we here take a very special advantage, a very special advantage, Mr. Speaker, which we have out of many Third World countries is that we are a highly trained community, we have a very good basic educational structure which many Third World countries cannot boast of. The degree or the ease with which this can be translated in the sophisticated skills such as watch making, precision tools and so on, may be a matter for debate, but I would think that if you start off with a situation where you have a highly trained community as far as basic education is concerned, then such transference would be much easier than in other areas, and I think that this is something that such a Corporation should look into, the transference of this basic education that we have into other areas of manufacturing which in the long run might give a better return for the investment made and for the effort made in the manufacturing exercise.

I want to make it clear that I am not saying that what is going on should be abandoned, what I am saying is that I have a suspicion that we could get into areas where there is less competition and in areas where we can have easier access to the markets of the industrialised nations if we look into going into manufacturing products where we would face less competition from other developing countries who can still afford to pay much more wages than we in this country can pay.
12.25 p.m.

There is no doubt in my mind, Mr. Speaker, that the most productive form of industrial development and the best yield you can get for exports must be in those instances where you are utilizing your raw resources, where you do not have to face the cost of raw materials, freight etc., and I believe that with more effort being put into the agricultural sector, into agro-industrial development, fisheries etc., we can find that our exports in these areas and the total value to the community can be much greater than otherwise. There is the view that Barbados can be a net exporter of fish products, etc. I feel this is an area that can bring tremendous gain in terms of earnings of hard currency for this country.

Then there is the whole question of trade. I am not sure whether this statement is correct, but I think I heard the hon. member for St. Thomas state that Carib West was one of the achievements of the Caribbean. I think this is one of the values of freighting particularly if you can get a contribution in terms of capital investment.

One or two final points, Mr. Speaker. The question of the relationship between such a corporation and those

people involved in industry — not only Government agencies but also individuals — it is most important that the Board of Directors should not only have an understanding but also a proper working relationship with people who are fundamentally individualistic and people who pride themselves that by their own efforts they have been able to succeed. So in my view I think the greatest caution should be taken to ensure that a corporation of this kind does not constitute another barrier to effective exports from this country.

Finally, I would like to say this, that this is a step which in a sense represents the amalgamation of a series of efforts made by the previous administration, and the present administration can be successful in this. I trust that some of the areas which I have touched on and which would seem to me to be areas that require evaluation, would occupy the attention of such a corporation. I also believe it would help considerably in charting the future export drive in Barbados in the 1980s and 90s. I think it is important it should be done now because whichever side forms the administration of this country in five, ten or fifteen years, the effort put in now can be of tremendous value to the country as a whole, just as the present administration was able to benefit from contribution in this area so vital to the development of the country. I hope and trust that this corporation as envisaged will be so structured and given the kind of authority which would allow it to function effectively and to help other sectors — agricultural and industrial — to perform in a manner which we hope to see making their contribution to the economy in the future.

Mr. WARD: Mr. Speaker, I would first like to say that the Minister responsible should be congratulated for having brought this Bill to Parliament because it has a very vital effect upon our continuing in the way we are going. You are aware, Mr. Speaker, that Barbadians have grown to have a taste of luxury, and if we are to continue to import the items we import into Barbados, we must counter it by being able to export, so that there is a balance between the money spent in importing and the money gained from exporting.

A number of remarks have been made linking sales to industry. There has been some criticism on the floor of this House about people not investing in industry. I believe this Bill should help to overcome that. I believe if a person did get the desire to go into industry they have enough complications in getting the industry off the ground — where to get their raw materials etc., and then they must enter into the field of selling. No matter how good a product you have and you haven't got the ability to sell it, you are back to square one. Many people will be encouraged now to put their money into industry if they know that the Government is giving full support in marketing the product and having it sold. We therefore find that it ties in, because we are providing work for

people when we encourage industries through our sales department. One goes hand in hand with the other.
12.35 p.m.

It is absolutely essential that we do not have show pigeons. This can occur when persons whom we feel should get big jobs are put in top posts and given very beautiful desks and what have you, but who are non-productive. Therefore, if you can get sales department, import and export promotion will be assisting the industrial sector in marketing their goods and this will be a tremendous asset.

There was a time in Barbados when to start an industry was something relatively easy. There were not all of these tariffs, bars and controls and Government restrictions about where you should import goods from, with other countries restricting your goods. A person today who knows about manufacturing, who knows about importing and who knows about marketing has to be a young genius. Therefore, what I find, Mr. Speaker is, that if you have the Industrial Development Corporation helping small industries in setting themselves up, and we have the Development Bank helping in financing it, persons are getting help from two sources; and now there is a third source because of this Bill in helping persons to market their goods. This is absolutely essential. I cannot over-emphasise it. I mentioned it at the time when the Budget was before Parliament. If we are to continue to live in luxurious conditions, we have got to step up our productivity. We have got to sell overseas, and therefore this Bill is very good for supporting this; but, Mr. Speaker, we have got to stop certain Barbadians shooting off their mouths in a way which does not do Barbados any good.

I was in Jamaica recently, and over Radio Jamaica came an announcement that an official in Barbados had said that we should stop importing Jamaican goods. Can you imagine, Mr. Speaker, Barbadians there enjoying the hospitality of the Government of Jamaica and hearing somebody making such a remark in Barbados? I do not know who made it, but I personally was embarrassed; but the point is that such an organisation as is contemplated in this Bill would decide in the terms of the Minister's policy and no individual could get up and cause people in Barbados embarrassment about where we export to or where we import from. It is for the Minister to make such a statement and therefore not embarrass Barbadians overseas to hear it.

I have seen in today's newspaper where the Barbados Manufacturers Association — I do not know whether it had met or not and the statement was unanimously agreed on — but this should be the policy of this Government. It is not for any association to say whether a trade fair should take place in Barbados or not. It is totally outside of their realm, because an

imbalance in trade does not mean that an individual can shoot his mouth off. Barbadians are very tolerant; and if one of our partners in Caricom is in trouble, we will be tolerant until it gets out of that trouble.

I am not saying that we should not bargain hard, but to make these blatant statements in the newspaper that you are not supporting this or that you are closing down industries is very rash and I am amazed. I would hope that the Minister would make a statement on that. Mr. Speaker, the need for export in Barbados is very necessary, and I would like the Minister to know that with the transfer of this subject to the new Chairman of the Import Promotion Corporation — if the Barbados Board of Tourism and the offices overseas can be of any help — we have offices in Frankfurt, in London and also in New York, and if we can be of any assistance to this export promotion to do any indepth work — I am not saying that we can do everything. I am not giving an unlimited offer of assistance; but if the Board of Tourism through its offices can assist export promotion, we certainly will.

Mr. Speaker, Barbadians have got to get to grips with the fact that if we want to import luxuries from other countries, we have got to produce. Obviously, with this Export Promotion Corporation meshing with the Industrial Development Corporation and the Barbados Development Bank, we will be able to assist would-be investors who may be nervous to invest their money because of a lack of knowledge of these three areas.

Mr. BRADSHAW: Mr. Speaker, I want to deal with a couple of points made by the hon. member for St. Michael South Central.

Mr. SPEAKER: The hon. member for St. Michael South Central?

Mr. BRADSHAW: The hon. member for St. Michael South Central. The hon. member made some allusion to yard-fowlism, and I take it that this word was to impute that the Minister in setting up this particular Corporation — I feel that the use of the word in this sort of context is to give the impression or to bring into question the integrity of the Minister or of this Government; because with the composition of the Corporation, members of the manufacturing sector and other sectors of the community will be invited to become members; and we all know from the Bill that the Minister will have to endorse the appointments of this particular Board; and anyone who thinks in terms of yard-fowlism can only be suggesting in a mild way that the Minister will bypass all the moral principles which are embodied in him to indulge in what is known as partisanship or narrow-mindedness in discharging his functions.

Therefore I would like to arrest that statement and assure the hon. member that the Ministers of this Government believe in the integrity of Barbados and that any particular Minister will discharge his functions in that manner; and that we differ from past administrations, and that certainly we will discharge our functions with a certain degree of integrity.

Now, he has also made reference to the question of the manufacturing sector not being able to perform or not performing as he would wish them to. The hon. member did not go on to state in which other countries in the entire world that the manufacturing sector has been performing according to the wishes of the people. There is no country in the world in which the people are satisfied with the performance or level of performance of the manufacturing sector; and to make such a statement is to give this House the impression that in Barbados, manufacturers are not performing creditably.

I want to say that the manufacturing sector has been performing well enough. The records and statistics have proven that the manufacturers are doing a wonderful job. Export figures are up and we are satisfied that manufacturers in Barbados are doing a very fine job. Apart from the traditional exports of sugar, we have manufacturers bending to their task; and this was all the more possible when they obtained all kinds of incentives so that they could operate in a very proper manner.

Now, on the question of air freight, this is a point that was not properly developed by the hon. member; but there is a bit of concern that manufacturers in Barbados have not been taking full advantage of these facilities. I remember that some time last year British Airways along with a promoting agency held a seminar; and the purpose was to make manufacturers more aware of the services which can be provided by air services. Very recently, Sir, it has been brought to my attention that there has not been any sort of enthusiasm, nor has advantage been taken of such services. I feel that there are great benefits to be derived if manufacturers take full advantage of the air freight services.

12.45 p.m.

If agriculture is to be improved, if we are to see tangible benefits from agriculture, then we must realise that air-freight is one of the sources that we would have to turn to, because it is certainly a speedier sort of transportation and it will also eliminate the sort of wastage and spoilage of the vegetables that can be produced, because we know, Sir, that if we have got to use other conventional means of transportation, shipping, for instance, it means that the period of time that it takes to go from one port to another that loss by spoilage can take place, and therefore I am appealing

to those manufacturers, especially those people who are involved in the vegetable area to take advantage and to seek out ways and means whereby they would be able to take full advantage of air-freight services.

Now, as I said, it is a little too rash for us to criticise or merely suggest that the manufacturing sector in Barbados has not been doing a very fine job, and I should like to take this opportunity to compliment them for helping to build the exports of this country. I am sure the Ministry of Trade has been watching their performance over the past couple of months and we are satisfied that they have been doing a wonderful job.

Now if we were to look at the job which the promotion agency has been doing, we must at this stage point out that it was the efforts of the Export Promotion Agency that has brought about an increase in the exports which redound to the benefit of the manufacturers of this country. The Export Promotion Agency was taken out of the hands of the Industrial Development Corporation and found its way directly under the Ministry of Trade, and we have seen some tangible benefits from this move, because the Export Promotion Agency went as far as Suriname, Trinidad and Tobago, America, Venezuela, and there can be no doubt at all that the manufacturers who participated in these promotional tours and exhibitions were able to solicit orders. I must say, Sir, that evidence can be seen when we look at the furniture sector of manufacturers in Barbados. The furniture men have not only solicited orders in Venezuela but have been able to make a major break through in the Trinidad market, and this was largely due to the efforts of the Export Promotion Agency. I must say, Sir, that when we look at the export figures we will see a significant improvement in the furniture sector and that has been due mainly to the efforts of the Export Promotion Agency, and we must and we should compliment the Minister for taking such a bold step in loosening this particular Export Promotion Department and placing it under his Ministry.

Now I should like to state here that we should not be so quick to condemn and even suggest that there is a lack of expertise or qualified persons in the Export Promotion area. When we look at this realistically, what do we find? This Government is just over two years old and surely no one can blame this administration for not producing the sort of expertise which could take over and boost the export promotion area. No one can criticise us.

Mr. TAITT: Mr. Speaker, if the hon. member would give way, I think that I myself referred to the lack of expertise. I wish to make it clear that I was not in any way attempting to suggest that the lack of expertise in export promotion could be the fault of that Government or any Government. I was making the

general point that the level of expertise required for the kind of export promotion which we all expect to see is not something that is naturally available to Barbadians because they have not been trained in that area.

Mr. BRADSHAW: Mr. Speaker, what I want to point out is this: it was the hon. member for St. Michael South Central who got up here and made his contribution and said that what we are seeing by the setting up of this corporation is an amalgamation of the efforts of the former administration, what I am going to point out is that if he is going to claim that what is going to come about by the setting up of this corporation is the amalgamation of the efforts of the past administration, he should understand that the former administration should have got an opportunity for training people to take over the role. That is what I am saying, so we cannot have it both ways. What I am pointing out is that the Export Promotion Agency and the former administration should have realised that that agency had a particular role and function to perform if it was thinking in terms of industrial development, and therefore in thinking progressively that administration would have looked into the area and seen that they had qualified people to take over, so that when hon. members from that side are claiming that in the year 2000 the Export Promotion Agency or the Board will be over-run by circumstances, there would not be any room for such a corporation.

The position, Mr. Speaker, is that we must pay due regard to the efforts that the Export Promotion Agency has been making over the past years. It has done a very fine job and far from suggesting that the manufacturers have been benefiting from such efforts, I must state that I am convinced that the manufacturers, especially the small manufacturers, those that were about to close down due to lack of incentive and lack of encouragement, are now doing a fine job, and hon. members on that side should realise that.

Now those manufacturers who have benefited from the efforts of the Export Promotion Agency are now thinking in terms of expanding. They are asking the IDC for more and more room because they are getting more and more orders, and I would go as far as to say that some of them have got so many orders that they have made it quite clear to me that it would be very difficult for them to honour all the order which they have got. So that is good news for hon. members on that side. I am satisfied in my capacity that the small manufacturers are doing a fine job and everything is done to encourage them, and we welcome the setting up of this corporation. What I am saying is that the Minister has realised that rather than having a fragmentation of the efforts of the various bodies like the Export Promotion, IDC, the Central Bank and the Development Bank that he should encompass all of them in one body where you would be

able to draw from all the knowledge and resources of all those individual groups, even the BMA, even some of the manufacturers about whom the hon. member for Christ Church South Central expressed surprise at the statements which were made and were attributed to someone claiming to be a responsible person.

Mr. SPEAKER: When you say the hon. member for Christ Church South Central, I think you mean the hon. member for Christ Church North Central.

Mr. BRADSHAW: Thanks for the correction. You see, there are certain statements that disturb all of us who think in terms of the good name of Barbados, and certainly, Sir, I do hope that with the establishment of such a corporation we would be able to eliminate some of these statements which can cause all of us who are thinking in terms of the good and welfare of Barbados tremendous embarrassment.

12.55 p.m.

SUSPENSION OF SITTING

Hon. H. B. St. JOHN: Mr. Speaker, Sir, I cannot at this stage having regard to the fact that we started at 10 o'clock this morning extend my right to reply. I will do so after I return.

I beg to move that this Sitting be now suspended until 1.45 p.m. today.

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

Mr. SPEAKER accordingly suspended the Sitting until 1.45 p.m.

On Resumption:

Mr. SPEAKER: This Sitting is now resumed.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, I believe that all the hon. members who wanted to make a contribution on this particular Bill have already made their contributions and therefore I propose to reply to a number of points which have been raised by hon. members.

The Government in the drafting of this Legislation paid particular attention to the fact that if the Corporation was to be meaningful, that it should have the greatest amount of freedom from interference with the traditional routine of Civil Service Procedure as is possible and consistent with the fact that there must be a certain level of minimal accountability having regard to the fact that the legislature would be providing the majority of funds and that is why the scheme of operation of the Act was so tailored as to ensure that with respect to the Head of the Corporation and the

Deputy Head who after all may, on a number of occasions, have to be responsible for the running of the Corporation would have to receive the assent of the Minister.

I think it is true to say that consistent with that minimal level of control which is necessary to ensure that this House retains control over the disposition directly or indirectly of public funds has been achieved without forgetting the need and necessity for freedom of operation as a commercial entity.

One other point which has been raised in this connection is the question of staffing. Now we all recognise that in this country the expertise which is available in export marketing is limited and I want to say it is not only limited in the sphere of Government services or in the Statutory Boards area, it is limited in the sphere of the Private Commercial houses and if there was this abundance of talent available outside in the private sector, the Barbadian Firms would be the leading exporters. The facts that we have are that at the moment there are still multi-national Corporations who are the leading exporters in Barbados despite the fact that there is an abundance of capital available to the local private sector to participate in the manufacturing activity and despite the fact that every encouragement has been given both by the Industrial Development Corporation and by Development Agencies in the form of the Barbados Development Bank and in the Regional Development Agencies such as the Caribbean Development Bank to try and encourage indigenous firms in the sense of local Companies to participate in the manufacturing activities so that when we talk about the need to ensure that we have properly qualified people who man these Institutions we must remember that there is definitely a shortage of properly qualified people in this area notwithstanding that we still regard this as a challenge.

The Government has already embarked on a programme of training for Officers in generalised training in Barbados with a view to up-grading the skills and the knowledge of both the public and private sectors in the question of the fundamental of export promotion and the fundamental of export. As I have already said, a number of Courses have been run, one by the Commonwealth Fund for Technical Co-operation a four months' Course, which is a Technical Course that ITC runs. It is a Course that is devised upon the type of curriculum which one does in an MBA Programme; that part of the programme that relates to export financing and I am glad to see that some 40 people went through that Course when it was run last year and we have the training manuals in Barbados. I have been informed that BIMAP is perfectly capable and competent to continue the Training Programme so we envisage a series of programmes being run at least once

a year for about 40 students so that both the public and private sector will be exposed to training.

The other area, of course, which is vitally necessary is to have a language training. We have already told the Officials at the Export Promotion Agencies that we regard the ability to be familiar with more than one language as an indispensable requirement and it is an indispensable requirement of being a fully qualified Export Promotion Officer.

Now, Sir, a number of other points have been raised in relation to this question of our CARICOM trade. Now I want to be very clear and very slow so that everybody can get the position of the Government of Barbados clear. We have examined the statistics in relation to the totality of our export trade. We are satisfied that the CARICOM market is a vital market to the economic health and well-being of a large number of manufacturers in Barbados.

We are aware of the fact that as a result of the balance of payments difficulties two of the Caricom Countries, namely Jamaica and Guyana from 1975/76 imposed restrictions on the free movement of trade from a number of other Caricom Countries. I want to say that this Government has carried out a detailed analysis of each and every item of goods which were imported from Caricom Countries and exported from Barbados to Caricom Countries. As a result of this detailed examination of each and every item of goods traded, representations were made in 1978 to the Government of Guyana and the Government of Jamaica. In respect of the Government of Jamaica and in respect with our trade with Jamaica, as from July 1978 a considerable improvement in our exports took place.

In 1977 we imported \$15,890 million in imports from Jamaica. Our domestic exports were \$3,604 million. Our re-exports were \$1,091 million so that our total exports were \$3,972 million in the year 1977. In the year 1978 we imported \$14,991 million, that is, we exported less in 1978 than in 1977. Our domestic exports, however, moved from \$3.6 million in 1977 to \$6.830 million in 1978 excluding re-export, having added our exports of \$710,000 we had our total exports of \$7.5 million.

In short, between 1977 and 1978 there was over a 90% improvement with our trade with Jamaica. It was because of the 1977 figures that the whole of the Ministry of Trade did a detailed examination and we have set up a system with the Minister of Trade and Commerce and with the Foreign Minister in Jamaica in which any difficulties that our exporters get in getting licences in relation to that country, provided I get the information, representation can be made and has in fact been made and there has been a great improvement.

I am very pleased to see and to note that at this Council of Ministers Meeting which was just held in Guyana that the Jamaica Government in the form of a statement by the Minister Williams that vis-a-vis Caricom Trade, that there will be moving from the 1st July any quotas and that licences will automatically be granted upon a first come first served basis. I have reason to believe that provided our Manufacturers go out there and sell and provided they are competent — now this is another point we have to bear in mind, that the Jamaican dollar is under very serious devaluation in the course of the last two years.

2.00 p.m.

It means therefore that our goods *vis-a-vis* the Jamaica importer have become more expensive *vis-a-vis* the domestic Jamaican producer. This is a fact, it is a devaluation, so therefore let us not forget that our competitive position has been reduced in relation to the Jamaica exporter. Like other countries in CARICOM we have made it very clear that we expect that just as in 1978 when they promised that there would be an improvement in Kingston in the trade, we expect to see these trends increasing.

With respect to the Government of Guyana, which is the other country, the trade position with Guyana is as follows. In 1977 we imported \$10,430,000, our domestic exports was \$2,880,000 and our re-exports was \$610,000. Our total exports was \$3,490,000 in 1977. In 1978 total exports, domestic, \$2,880,000, re-export \$610,000, so the total exports was \$3.4 million. In 1978 our total imports was \$9,255,000. In short, the same phenomenon occurred, that Guyana's exports to us reduced, and part of that reason in respect of both is that the manufacturers say that they have been short of licences to import raw material too for their manufacturing trade. That is what happened with both of them. Our exports was \$2,354,000. In short, our exports dropped in 1978. Our re-exports was \$728,000, so that we had a total domestic export of \$3,083,000. We had a drop of \$400,000.

We have done a detailed examination and we have the same procedure with respect to the Government of Guyana, but I want to be frank in relation to this matter with the monitoring and computerised system they have set up in Jamaica where the licences are matched with the quota for foreign exchange. Guyana did not have as sophisticated a system between the Bank of Guyana and the Importing Licensing Authority, so therefore our ability to be able to send the name of the firm which has the order there, the licence number which has been allocated and what has happened to it subsequently did not get into operation as fast as we would have liked it, because very often I in the Ministry at a ministerial level complain and they have difficulty with their documentation. We have made

repeated requests for measures to deal with this. I have had the assurance when the Prime Minister of Guyana was here, again with the Minister of Economic Development, Mr. Hoyte, whose responsibility a lot of this is, together with the Minister of Trade, Mr. Tyndall, and they have all assured me that every effort will be made to ensure, as they have assured the rest of CARICOM, that pending the passing of the test they had at the 30th June with the IMF that there would be more relaxation of the importation of goods into those countries.

I want to make it clear, it is not only our manufacturers who are complaining about not being able to send their goods to Guyana, I was in Guyana and the people of Guyana are complaining that they do not have enough goods within Guyana to be able to buy, and hon. members would appreciate and understand that when you get all these complaints that the Government of Guyana is acutely conscious of the public opinion within their own country, but for them to operate within the constraints of the International Monetary System, and as I understand it, when we had the CARICOM Ministers' meeting they were confident that they would pass the test, that they would reach the criteria set out, as I understand it it has now been officially announced that the test has been passed at June 30, and I expect that there will be a relaxation in the licences, and I have already explained at the National Export Advisory Council and otherwise that it is the policy of the Government of Barbados that we would like to see the maximum trade taking place within CARICOM and that we do not believe that it is in the interest of Barbados to take retaliatory action against any country that is in balance of payments difficulties, and nobody is going to persuade me otherwise, because I agree with the theory that when once one of the big countries start that action none of us will be able to contain the ricochet action.

When I look at the totality of trade within CARICOM, I see that Barbados in 1977 exported \$36,945,000 in domestic exports to all the CARICOM countries, and in 1978, excluding re-exports, we exported \$49,480,000. I have to think in the national interest of all the exporters of Barbados and I am not going to participate in any view that we must engage in retaliatory or boycott action, and I say on the floor of this House that the Government of Barbados will not be bulldozed into taking premature action in the interest of one, two, or three particular manufacturers in this country. I want that message to be clear. I understand that there is a Trade Mission here from Guyana, the Government of Barbados welcomes a Trade Mission from Guyana, the Government of Barbados will ensure that Guyana lives up to its obligations, and those who do not like that can put it in their pipes and smoke it.

That is our position, and that is the official position of the Government of Barbados.

I have had representations made to me, I have made representations to the Prime Minister of Guyana, I have made representations to the Minister of Economic Development and the Minister of Trade, and I have received the assurance that now that the International Monetary Fund is satisfied with the performance of the Guyana economy over the first six months of this year, that liberality will be introduced in licensing, having regard to the acknowledged need both in Guyana domestically and in the other exporting countries for more freedom of trade, and I will see to it, it is my responsibility at a political level to see to it, that those assurances are honoured. Let the producers get ahead and produce the goods and try and sell them and then report if they cannot sell them. I will be responsible for trying to see that they are honoured.

2.10 p.m.

There are a number of other areas to talk about. It is true that the manufacturing performance has to be judged not only in relation to the rise in dollar figures, but we must constantly look at the content of the manufacturing with a view to ensuring that our dependence on one or two products does not continue, and that there is a genuine diversification going on; because if we are to depend upon one or two manufactures we would still be like the case of sugar and rum. The question of diversification in manufacturing is therefore of great importance to us.

The hon. member for St. Michael South West said that they had carried out studies into the pattern of manufacturing. We are constantly carrying out studies on our manufacturing programme. We had a team from the Centre for Industrial Development in Europe under the LOME convention; we have had Irish people; and the entire relationship between promoting and production is very important, because the information that the IDC needs is not only in relation to what we produce, because there is no point producing without a market. So we have to analyse what is the market and then see if we can meet this.

I will also point out that we are very conscious of the fact that there are opportunities to process domestic raw materials in Barbados. There is not only the linkage between agriculture and industry, but there is also the possibility of using some of our raw material in the form of clay, limestone and silica sand, and we have applied for and received assistance to do a resource map of a similar nature to the resources map we did on water. And I am pleased to say that as a result of the initiative in that direction, private sector firms in Barbados have also carried out surveys of the number of products which are capable of being produced on a factory scale from our

raw materials like clay, etc. People do not appreciate that in this country we do have a raw material base in the form of clay, limestone and silica sand, and not only are we getting more interest and capital investment in relation to clay but in relation to limestone we are producing the equivalent of pollyfilla which we expect to export to other countries in the Caribbean. A study is being done on this which will take about eighteen months. So we are trying to diversify our manufacturing base.

Now I think that our position on the attitude of our importers is well known. I have had several meetings with the Chamber of Commerce and have explained that it is our view that the end of expansion in imports is very near. What we need to do is to ensure that the skills they have are used to service more of our manufacturers who have the skills for producing but not for marketing. I will therefore like to see the import houses in Barbados become export houses. There is absolutely no reason why with their knowledge they cannot buy from our manufacturers and sell abroad. I have told them that that is our view, and I am glad to say that there are a number of them now thinking in that direction. If they need capital for this the Government has made it clear that it would like to see more firms in Barbados become public firms and then money would be available.

Sir, the mere passage of this Bill will not solve the bottlenecks; but in my opinion it is a serious effort being made by the Government to do its part of the bargain. We can only create the framework; none of us can go and market the goods for the manufacturers, nor can we ensure that the goods produced meet international standard. We can see that aid is offered by the Government, but in the end it is the people involved in manufacturing whose basic function it is to produce goods that can find a market abroad.

The question that the Bill be read a second time was put and resolved in the affirmative without division, and the House went into Committee on the Bill, Mr. ODLE in the Chair.

2.20 p.m.

Clauses 1 to 3 inclusive of the Bill were called and agreed to.

Clause 4 was called.

Mr. TAITT: Mr. Chairman, on Clause 4, could the Minister indicate whether in fact he intends that the Export Promotion Corporation when formed will be engaging in trading? I took the point and I agree with him that we should not have a separate trading company; but I cannot recall seeing in Clause 4 (1) the functions of the Corporation, and I am wondering if he did not consider that it might be desirable, taking into considera-

tion that the Corporation might itself engage in trading in the medium term, to include a clause giving it the ability to trade without having to stretch one of the present clauses.

Hon. H. B. St. JOHN: As I understand it, Sir, the draft has been drawn where the Corporation itself does not become a trader; but the Corporation can assist whether by way of buying shares or not in subsidiaries. I think you will find in Paragraph 4 (k) that you can assist other bodies for that purpose, whether financially or otherwise. They tell me that that is the form. They told me that that is wide enough to cover it. The object of it is that in Jamaica and other countries they have a separate company formed under the Companies Act, and what you do is that you are able to invest some of the shares in that.

Mr. TAITT: With all respect, looking at the wide range of activities which a trading company might be engaging in, he might consider as early as is possible bringing an amendment to give it specific powers to trade if that is the intention; because I think that you will appreciate it if you give it a little study, that that fourth stage will only go to some extent in covering the wide range of activities.

Hon. H. B. St. JOHN: I leave that entirely to the directors of the Corporation. If they want to have a trading company, as soon as they recommend amendments to us, we will be happy to bring them down; but as I understand it, they have been advised that they should have a three or four year period in which to concentrate on the training and on the general promotion rather than indulge straight in trading. As soon as they are ready, we give them the assurance that we will do anything possible to facilitate them.

Mr. SANDIFORD: In referring to Clause 4, I wonder if the Minister would indicate whether it is the intention that this Corporation, in pursuit of its objectives to facilitate and encourage the development of the export trade, whether there is any intention that this Corporation would take over from the Central Bank or any other financial institution, areas relating to the insurance of commodities, and exports. I wonder if the Minister could give us some information on this particular matter.

Hon. H. B. St. JOHN: Mr. Chairman, the hon. member was not here when I originally introduced the Bill. I said then that there would be a close relationship. Indeed it was envisaged that the Central Bank would be part of the directorship of this, because there are a number of other specialised agencies which carry out functions in relation to export who do not want to take over because it is more appropriate for them to expect that the Central Bank will continue to be responsible for

the Export Credit Guarantee Scheme and the Export Insurance Scheme; and that the integration will come, in that the Central Bank will be represented on the body of directors of this; and this is how we have been advised it is expected to be. The Central Bank has profits. These other agencies do not have profits so that the insurance scheme nowadays in Third World countries — indeed in some developed countries; because the Bank of England in the United Kingdom is now responsible for a lot of those things.

The Central Bank deals with the export credit; but there is a linkage between the institutions in that the Central Bank is represented on the Board of Directors, just as how I.D.C. would be represented on the Board of this. To prevent duplication between manufacturing associations and the Chamber of Commerce, we want to have a tight unit here which will be directed by all of the people who have an intimate interest in or connection with the provision of facilities for export trade generally. This does not mean, or it is not contemplated that this body will take over these functions.

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

Clause 5 was called and agreed to.

Clause 6 was called and agreed to.

Clause 7 was called.

Mr. TAITT: Mr. Chairman, I have a small point to raise. It relates to the Executive Director as being a member of the Board. I wish to draw to the attention of the Minister that as in the case of the Central Bank, and now with this institution, I am very pleased to see that the Executive Director will in fact be a member of the Board; but I wonder if the Minister has given any consideration to making the Executive Director Chairman of the Board as is the case with the Central Bank.

The reason for this is very simple. You have a situation where the Executive Director under this clause and a set of clauses will in fact be a servant of the Board. A member of the Board will be a servant of the Board, and may in fact under certain circumstances find himself in the position of taking an instruction from his Board, when in fact he is only able to influence the policy as a mere member. I believe that if the Executive is as in the normal format in many corporations in North America, he is also the chief executive in the full sense of the word, then the co-ordination of policy and the flow of the policies will be much more easily accomplished.

In the last administration this concept was not easily acceptable to a number of persons who had been wedded to the systems in Barbados, but it was followed

in the case of the Central Bank; and whatever else may be said about the Central Bank, I think it has to be agreed that in some of the formulation of the policy and the execution of the policy, the fact that the chief executive officer also sits as Chairman of the Board, does lend some facility to the execution of policy. I wonder if the Minister, bearing in mind that I think in the body of the Bill the Executive Director is able to sit as a member of the Board, if he has given any thought to this particular approach and what were the drawbacks for its non-implementation?

Hon. H. B. St. JOHN: It is precisely, Sir, because of the fact that I recognised that there is a lot of merit in the suggestion that the Executive Director should be the Chairman of the Board. That is why the Bill has been drawn in this manner.

2.30 p.m.

As the hon. member said, this is a new concept. There is great difficulty in understanding here, that your managing director can also be Chairman of the Board. There is a feeling here that if the managing director is chairman of the Board that the Board is only there to rubber-stamp the decisions, but my own view is that provided you have very clearly set out the instruments in an instrument, the extent of the power that is delegated to the managing director by virtue of being managing director or by virtue of being deputy director and that the rest are vested in the Board, the managing director still has to use his position to be able to persuade the directors to enlarge the power, but we envisage that the concept will become increasingly recognised and that is why we have drawn it here that there is nothing to prevent him from being chairman. But at the present moment I cannot say that I contemplate that when the board is first started that the executive director will be the chairman. It all depends on what we can get. As the hon. member will recognise, this is a difficult area. We advertised twice before for the position when we had it of general manager of the Advisory Council. We did not get the type of applications. It is a brand new area, but there is nothing to prevent the executive director from being chairman. I cannot say that with the first Board we will have that it will be so, but the flexibility is there in the event we can get the right person we will be able to do it.

Mr. TAITT: I do not wish to prolong it. I understand the difficulty; we obviously understand the position, but I would like to throw out to him that part of the difficulty of recruiting might in fact be the problem itself, and if it is clear that the chief executive is going to be chairman of the Board, he may find that persons who now may not show an interest in being the chief executive might in fact show an interest in being the chief executive.

The question that Clause 7 stand part was put and resolved in the affirmative without division.

Clause 8 was called.

Hon. H. B. St. JOHN: Mr. Chairman, I beg to move that Clause 8 stand part.

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

Mr. SANDIFORD: Mr. Chairman, I just want to make one observation. I heard the case for this Bill being presented in terms of the greater flexibility and autonomy that it would give in the area of export promotion, and I notice that particularly in clause 8 and in other clauses there seems to be quite a number of constraints on the actions of the Board in terms of reporting to the Minister and seeking the approval of the Minister. I just make that observation. I am not objecting necessarily to the clause, but I would just make that observation that depending on the flexibility and foresight of the Minister, and I know this Minister has considerable flexibility and foresight, that I do not envisage that there will be too many problems placed in the way of the operation of this corporation; but in the Bill itself that we are looking at now, there could be considerable obstacles placed in the way of the corporation as far as freedom of operation and autonomy may be concerned.

Hon. H. deB. FORDE: Mr. Chairman, I should like to follow on my friend's submission and advert particularly to clause 8(2) subclause (c). I do not think hon. members recognise that certain statutory corporations have been given powers to dispose of land without coming to Parliament. Now this is a very serious thing in relation to those corporations other than the National Housing Corporation which deals in land for sale. The hon. member was in this House between 1971 and 1976 when I raised the question of Graeme Hall lands being disposed of without even Parliament knowing that they were disposed of, and Mr. Bernstein being allowed to buy and sell them in the way that he was allowed to buy and sell them. The hon. member wants to know who is Mr. Bernstein. Mr. Bernstein was the leading campaigner for the DLP in the constituency of Christ Church West in 1971-1976 and he held the purse strings for that constituency during the time and he was defeated; but the point is that some corporations seem to have greater powers than the Crown itself in relationship to the disposal of land, and what we must try to develop is a formula where other corporations other than the National Housing Corporation, when they are disposing of land or acquiring land, at least the House of Assembly should be informed and its consent sought.

I am not reflecting on what happened in this House, but with your leave, if you will just let me advert to the fact, the Minister of Housing comes down with power to acquire lands for public works and does not bring the plan at the same time of the roadway, for instance, has to hold up for members to see what is the plan of this roadway, or acting Minister at the time. However, the hon. member is now going to argue that corporations that are not in the position of the Crown with all the powers of the Crown need to have wider powers than these, and I am hoping that some time the Ministry of Housing and

Lands and the other statutory corporations will sit down with us and let us get a formula that will satisfy the need for flexibility whilst at the same time safeguarding the wider public interests in relation to the acquisition and disposal of lands.

Hon. H. B. St. JOHN: Just one point. I rather like this debate on the question of corporations and their flexibility. I think that it must not be approached in any partisan manner, and I always say in my own mind that a distinction has got to be drawn between the need for flexibility and the need for accountability. If the corporation has to derive the majority of its money from a vote of Parliament by way of subvention, Parliament has got to retain some measure of control as to the disposition of the proceeds of that money. It is as simple as that. If the local industry will finance by way of export levy and it does not have to come for the taxpayers' money, then they can have all these powers, but obviously, as we envisage, Parliament is going to provide the seed money for the operation of this corporation, and once Parliament provides the seed money we have to make sure that some person is politically accountable and that is it; and the Minister will be responsible in here to hon. members as their guardian. That is the position and that is one point that we have to make sure in all of these corporations. There must be this minimum degree of accountability.

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

Clause 9 was called.

Hon. H. B. St. JOHN: Mr. Chairman, in Clause 9 insert the word "to" between the word "pertaining" and the word "the", so that it reads "The Minister may make regulations regulating any matter pertaining to the functions to be exercised....."

I beg to move that Clause 9 as amended stand part.

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

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

Clauses 10 to 11 were called and passed.

Clause 12 was called.

Hon. H. B. St. JOHN: I beg to move that Clause 12 stand part. In moving this Clause I will like to draw the hon. members' attention to the fact that this Board will have an Independent Auditor but at the same time because of the fact that the public money is involved we still have to retain the power that the Auditor General can audit at the request of the Minister.

It is a new formula, Sir, which is necessary, because I understand that Mr. Duffus classified Corporations in which Government monies were involved and were being

called Corporations in which no particular scheme was worked out to ensure how Government would control these Corporations when we use the Companies Act so we are trying to involve our new method in dealing with these matters. I think that this is a method that commends itself to hon. members.

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

Clauses 13 to 15 were called and passed.

The Schedule was called.

Mr. TAITT: Mr. Chairman, perhaps the Hon. Attorney General can let us know whether this is a new style of drafting. One sees here, for example, "that the Board of Directors consists of not less than" Is this a new style of drafting or is this an error? Perhaps the Hon. Attorney General will throw some light on this.

Hon. H. deB. FORDE: It is a bit of a new style.

The question that the Schedule be the Schedule to the Bill was put and resolved in the affirmative without division.

On the Motion of Hon. H. B. St. JOHN seconded by Hon. H. deB. FORDE the CHAIRMAN reported the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate Motion of Hon. H. B. St. JOHN seconded by Hon. H. deB. FORDE the Bill was read a third time and passed.

Hon. H. B. St. JOHN: Mr. Speaker, I beg to ask for leave to re-open the item "Report from select Committees". As hon. members will remember this morning we intimated that there was a Report from a Select Committee, that it was ready but it was not available for circulation. I want the opportunity to lay this Report.

Mr. SPEAKER: There is no objection. Leave is granted.

REPORT FROM SELECT COMMITTEE

Mr. ALLEYNE: Mr. Speaker, I beg to lay the Report of the Select Committee appointed by this Honourable Chamber to consider a Bill to amend the Immigration Act, Chapter 190;

Mr. SPEAKER: Let the Report be laid.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, in the Sitting we will be seeking to complete action on the Bill. (ASIDES). There is no question of you cannot do it. The Opposition were represented on the Select Committee.

Mr. TAITT: Mr. Speaker, I do not know what was the occasion for that outburst. Up to now, Sir, I have not seen the Report. When the Report is laid I take it that as

an hon. member of this Honourable House that if there is some aspect of this Bill that even though one of my colleagues sat on the Committee does it mean that we have to accept whatever the Committee sent back? That is not my understanding of what is necessary. Are we required to accept the Committee's Report merely because an hon. member from this side sat on it?

Mr. SPEAKER: The hon. member still has the right to vote. It has not been taken away from him.
2.50 p.m.

THE OFF-SHORE BANKING ACT, 1979

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, since the War, since indeed the 1950's, finance has become international in a way that was never envisaged even in the heyday of sterling as a reserve currency. What has been called the Euro dollar market has expanded tremendously, all the world's major banking institutions have sought to open branches or transfer parts of their business to countries other than the country of initial incorporation. At the present time, for example, you will find that there are more American banks in London than there are in New York, and I believe that there are more American banks still in the Bahamas than in any single American financial centre, and perhaps more even than there are in London itself which remains the world's greatest financial centre.

In England indeed more than half of all bank deposits are other than in sterling, and if hon. members are interested in figures, they will find that overwhelmingly the greatest proportion of international financial business is done in London, perhaps getting on to 50 billion dollars worth of business annually, but coming after London following the United States as an entity and the Bahamas jointly have around 6 billion dollars of international business per annum. We can thus see, Mr. Speaker, that off-shore banking is perhaps the major international activity of all that is going at the present time.

It is not confined to the capitalist countries, the Moscow Novodny Bank maintains banking facilities in London, and I would say in passing that I would be glad if it cared to maintain facilities right here in Barbados, Sir, because under this Act we do not intend to be exclusive. Banks in other parts of Eastern Europe maintain London offices, and the Bank of China's largest most profitable, most imposing branch is outside the borders of China, it is to be found in Hong Kong, and it is the mainstay of that colony's banking system.

We, as a political party, pledged that we would introduce off-shore banking facilities here in Barbados, and I know that whatever may be the public image that privately some members of the Opposition have gone so far as to say that of all the things they read in our Manifesto that this was the one which they would welcome wholeheartedly and only wanted us to open it so that they could interest themselves in it at a personal level. Those hon. members who have read the Act

carefully will realise that we are making provision for residents of Barbados to use the off-shore banking regime that we are setting up and to make investments overseas. Of course, when they receive the benefits they will have to pay taxes on them in Barbados, but the investments as such will not be taxed. But they are mere diversions which we will deal with when we come to the Act itself.

Coincidentally with the growth of international financing there has also been the growth of what I think is most popularly known as the tax haven. Taxes have been very high all over Western Europe, all over the developed world, and when we speak of taxes we are speaking of income taxes and corporation taxes primarily. Until the budget months ago in Great Britain in which the top rate of income tax was reduced from 83%, you could only get 17 cents in every dollar that you got paid as salary in Britain, and believe it or not, Mr. Speaker, you could only get two cents in every dollar at the margins that you got as investment income if your income was large enough. In the United States the top rate of Federal income tax is 70%, and this is a very general rate of income tax throughout the world.

Under these circumstances, Sir, it has been found that seeing the equities of the income tax in terms of their distribution, in terms of social desirability, in terms of revenue raising capacity, that populations come to resent these immense levels of tax. I am not a great admirer of Communist economics, but one of the fundamentals of money raising in a Communist country is that you make people pay for what they have to buy because it is the State selling everything. You control the prices, and I do not mean putting an upper limit in the sense that we understand price control, you control the prices according to your view of what people should have, so that when I was in Russia many years ago I took note that a pair of shoes cost the same as a television set, and the television set was not exceptionally cheap. The hon. member for St. Michael South Central perhaps will recall from his visit to Russia similar pricing anomalies that are to be observed in the shops. In those days the pair of shoes was costing the equivalent of \$200 (Bds.), and I am speaking of 20 years ago, but at the same time income tax, direct taxation was kept very low.

I believe the maximum rate of direct taxation now in the Soviet Union is 17% of your income. This is a low rate, but of course you pay for it in what you have to pay for goods in the shops. Goods are so priced as to bring the State's trading corporations a sufficiency of money to carry out the functions of the State. As I say, Sir, I am not an admirer of Communist economics, but it is significant that trial and error have led Communist countries to the belief that making people pay more for goods and less tax is a satisfactory way of conducting economic life. Anyway, Sir, this has not been the way of western countries, and high income persons and institutions also have been seeking out tax havens where they can invest their money, receive an income and hope to escape the taxing provisions of their native countries.

The Government of Barbados has considered very carefully all the implications of the establishment of a financial centre and of the establishment of a tax haven, and we have come to the conclusion that our emphasis must be put on the financial centre rather than on the tax haven *per se*. Both items of legislation will come before the House today because we will deal with the tidying up of the International Business Companies Act, which is the Tax Haven Act. It always existed, a tax haven has for many years existed in Barbados. I was very amused to hear the Leader of the Opposition being so critical of tax havens when he introduced the International Business Companies Act to the House 15 years ago. He did not know what he was doing then. 3.00 p.m.

Our emphasis and thrust are being put on the financial aspect. It is significant that the City of London is the world's largest financial centre by a huge margin. The Swiss banks have the deposits but they have to depend on the London brokers to invest them. A typical transaction would be an American company wanting to establish a factory, say in France or Germany; it does not seek to get the money in New York or Toronto but would go to London to get a London firm to lend it American dollars to carry on business in Germany; and the London firm would lend money which the Arabs have put into Swiss banks. London exists as a financial centre although it has some of the highest taxes on earth — 52% I think, — but it maintains its position as a financial centre despite this. Indeed, Hong Kong and Singapore which are also major financial centres are not tax havens in the sense of Barbados being a tax haven and Bermuda and the Cayman Islands which are among the most attractive tax havens — especially the Caymans; they do not attract financial business to the same extent as the Bahamas, London or Singapore. The New Hebrides, the fastest growing tax haven, also have not attracted the volume of financial business. We feel that Barbados has most of the conditions which have made Hong Kong and Singapore important financial centres, and we also have the Bahamas condition except that we will continue to charge taxes on the operations of foreign international business companies and international financial institutions which operate in Barbados; but the taxes will be at a much lower rate — a maximum of 2½% — for two reasons which I will go into a little later on. I would add that as regards the tax haven aspect of the Government's international financial thrust we will be making special efforts to establish an international insurance centre in Barbados. I have forgotten the exact proportion of insurance written from Bermuda. It is more than a quarter and may be as much as one third — but the insurance companies in Bermuda are meeting with some difficulty now because they are finding the market choked up and we have been approached by one or two major insurance brokerage groups who have expressed interest in carrying on off-shore insurance business from Barbados and we will be giving encouragement to these groups, but they will not be competing with local groups.

Now financial centres such as that envisaged by Barbados are primarily dealing with the handling of

international currencies and in a tax haven there will be no income tax or corporation tax. I myself do not think that corporation taxes are very important to international financial companies. Banks are trading on a margin within no more than one quarter percent of the amounts of money involved. In a centre like London they would pay half percent as profit tax after all their expenses were subtracted; in other words, the most they would pay in tax is one eighth of one percent but this has not appeared to be any great deterrent to international banks operating in London, so it does not seem that our rate of 2½% would be a deterrent. One of the difficulties in operating in the Bahamas and the Cayman Islands is that you cannot take advantage of the double taxation treaties. In Barbados we are advised that except for Japan, in all major investment countries with surplus funds our provision of 2½% basic tax rate would be sufficient to activate the double taxation treaty which we have with Britain, Canada, etc., and therefore would be a great incentive to companies to come here if they wish to make remittable profits.

There are a number of provisions on which hon. members may wish to ask questions. I cannot anticipate them all, but if hon. members want to know anything about exchange control and withholding tax — which are what investors ask about first — I would say just a few words. On exchange control we will be maintaining the structure but it will not operate in such a way to hamper any international company which is operating locally, except such funds as its subsidiaries may have to invest in Barbados. If Barbadians form an investment trust or form an international financial institution, if they can raise the half million in capital and have meaningful funds to lend abroad they will also not be subjected to exchange control in the international area. But like any other countries with exchange control you will impose restrictions on residents in making deposits in international banks. That is the area of control.

As regards withholding tax, we will not waste people's time with withholding taxes. One financial authority has said that a 5% withholding tax is many times more damaging than a 50% corporation tax on profits. Hong Kong and Singapore which both have severe withholding taxes built into their financial climate have had to go through a number of procedures to allow rich Singaporeans a modification from the strict withholding provisions.

3.10 p.m.

As far as we are concerned, we are not wasting time on tax incomes or tax on dividends. On the question of reserve ratios, I will say a little more on that. Section 23 of this Act indicates quite clearly what the Government's policy is on reserve ratios. It is impossible, I think, to ask major financial institutions to maintain reserve funds in the same way as domestic banking institutions are asked to maintain them. There has to be some reserve provision, and implicitly this provision will be around the level of the paid up capital which the institution should have. It should aim at a reserve fund equal to that capital; but if you were to

ask international banks to keep a reserve ratio to the Central Bank of Barbados of 12 per cent as domestic banks are asked, that 12 per cent will be giving them virtually no returns, or returns of only 10 per cent of its value, and you will be asking them in this day and age when they may be borrowing money at 9 per cent, you are telling them that they have to lend out at 10 per cent just to break even; because you will be immobilising 10 per cent of their funds; and we cannot ask them to operate on that ratio; but we are going to have some reserve to be maintained locally and there will be Central Bank control even over the major international institutions.

Now, Sir, I turn to the Act itself. Part I of the Act defines and controls the business of off shore banking. The definition will be found earlier on. Patently it is to receive funds and deposits and to make statements of securities. We are also introducing a special section on trusts because we wish to encourage the coming of financial trusts to Barbados. The Central Bank will also have the power to declare any other activity a part of the off shore banking regime.

This, I envisage, is most likely to be envisaged if we have a bullion market. Gold markets form quite an important part now for colonising. For example, Bahamas residents are not allowed to trade in gold, while in Singapore and Hong Kong residents are allowed to trade in gold; but gold markets have become very attractive in this day and age. You cannot easily trade in the United States and Britain where the money is; but it becomes quite attractive, and I anticipate that if there is a demand for it, we can move into the gold and bullion market area.

Our institutions must be light, and Section 7 of the Act should be read in conjunction with Section 22 dealing with the authorisation of paid up capital. For non residents and off shore bank or a trust must have an authorised capital of at least \$2 million of which \$1 million must be paid up in cash. I think that at this stage I will say something on the question that was asked by the hon. member for Christ Church East last week as to how much of Mr. Sidney Alleyne's authorised capital was paid up in cash.

I must congratulate the "Advocate" for reporting the answer to the question without reading the original question, so that the report is completely meaningless unless you have the original question to hand; but I would also say that there is absolutely no way, in which any lawyer in Bridgetown will come into my office as he went into the office of the previous Minister of Finance, cross out something on an application form, write in \$300,000 and sign his name and go back out with a certificate, not having shown any proof of \$300,000 being paid, 300,000 cents or even three cents, not having had an enquiry made into the bona fides of the gentleman — and I hope that hon. members will take note of the fact that anybody to be a director of an off shore bank has to be a man of reputation.

Not having carried out the most elementary investigations as required by the Banking Act before the license was given — in fact I am giving notice here and now that I do not want any lawyer, whether a member of this House, a non member of this House a Barbadian or otherwise, to come into my office pimping behind me, asking for any banking license for any yard fowl. That is the meaning of last week's question and answer, about Sidney Alleyne. Wait until hon. members see the Panorama programme.

Now that is for non-residents; companies controlled by residents will be allowed into the off shore regime if they have an authorised capital of \$500,000 or more of which \$250,000 has to be paid up; and these companies will be able to trade, will be able to invest, will be able to receive deposits, make investments overseas in exactly the same way as the multi-national financial institutions.

I do not believe that I would be doing justice to a national institution if I made the amount any less than \$500,000. I think that that is small enough anyhow, but if Barbadians wish to try their hands at overseas speculation, they will have to risk \$250,000 before they will be allowed to, under our regime. I also wish to give warning in general — to the Barbados Workers Union, to the persons like the Sam Wilkins people that assured him one day after he had delivered a lecture on profits — the persons who believe that all tax havens are sinful, I want to give notice to those countries that Britain is not an immoral country because it is a major international financial centre. There may be others too. Singapore is not an immoral country because it is the major financial centre in Asia; and there are distinctions to be drawn. Now this Act has naturally, secrecy provisions, although hon. members must please look at Section 104; because Section 104 makes it clear that secrecy is not for Barbadians.

3.20 p.m.

Only a court order can open the books of an international financial company as far as foreigners are concerned, but where Barbadians are concerned the Commissioner of Inland Revenue will have to know. It will also be noticed that there is a section dealing with secrecy, Mr. Speaker, and forbidding the use of information. The other section is section 49. It is quite an important section because it may assist hon. members in here, and I had better tell you what the intentions of the Government are in this particular section. Section 49(1) reads: "No statement, return or information shall be required by the Central Bank with respect to the affairs of any particular customer of a licensee, but the Minister may seek and be informed of the names of any residents of Barbados who are customers of the licensee." But, Sir, the Minister is not then allowed to convey to anybody other than officials of the Central Bank or a certain limited range of public officers who will be prescribed those names, and I hope

that it is appreciated that this means that Ministers of Finance will not be permitted to answer Parliamentary Questions about who has an account with an offshore bank. No Minister of Finance can go on any platform and say who has an account with an offshore bank and so on. I hope that is clearly understood and I hope the hon. member for St. Michael South Central who is enjoying himself will take heart from that particular aspect of it. I think this is very important, and we are dealing with something in which secrecy is an accepted condition, and therefore it should be made clear that the law forbids those Barbadians who may get to know of the business — it will only be of other Barbadians, this is one area where they will be totally forbidden like the Commissioner of Inland Revenue — to talk in any way about these matters.

On the subject of secrecy, it is important to convey to critics that we are not carrying on any dirty money laundry laundromat; we are not in the business of laundering the Mafia's money of professional people that they do not wish to declare to the tax authorities of their own countries, which they wish to make earnings out of and have tax free and offshore jurisdiction. We are not in any of that. The Cayman Islands, it is said, are in all that and the provisions relating to banking secrecy are so great that a Barbadian now finds himself unable to go to the United States because when he went there on a visit he was seized by a Marshal of the Florida Supreme Court and asked to divulge — he is a bank manager in the Cayman Islands — the identity of the holder of one of his accounts, and he tried to tell the American Court "if I tell you that I will be locked up when I go back to the Cayman Islands", and the American Judge said "if you do not tell me that, you will be locked up and can't go back to the Cayman Islands", and so in the end he took the precaution of getting bail and taking the next plane from Miami and accepted that he can now no longer return to the country of one of whose banks he is a manager in the Cayman Islands. But we do not intend to put any bank manager in that position. We are not in that business; we are simply not in that business. We are not dealing with individuals; we are not dealing with property companies to make an investment in Trinidad or to make investments somewhere else and make a few dollars in the hope that the Commissioner of Inland Revenue will not get to hear about it. The Cayman Islands have even had their effect here in Barbados.

I am informed that an application was made to the Central Bank to bring in funds from the Cayman Islands that were not to be registered. Would it be all right if the funds came in but the Central Bank did not register them? And of course it is a very mysterious business because normally if you bring funds in from abroad you register them so that you can carry them back out again, and of course when we went into it we

discovered that the persons concerned were residents of Barbados who feared that they might have to answer difficult questions as to whose briefcase the money had gone to the Cayman Islands in the first place. We do not intend Barbados to have that kind of reputation. Our country has a good reputation at the present time. I had the pleasure of reading the Minutes of the recent World Bank Board of Governors at which Barbados' financial position was discussed, and I recall that the Director for the United Kingdom said — and I say in all immodesty — that he had never read a more encouraging report than that of the improvement in the Barbadian economy. Things can go up and they can also come down, so I am not tempting the Lord. I am merely stating a fact as of a particular day in 1979.

Sir, the tax haven part of Barbados' financial regime will be one which aims at reputable institutions, trading companies, investment companies, offshore banks, international trusts in a way that will maintain the reputation of the Island, and not make us a by-word of somewhere where you go to hide your money. In other words, we want people to be able to say, we want a bank to be able to say "telex our Barbados branch and do such and such business with it". We do not want anybody to have to whisper at a cocktail party "well you know my money is in Barbados now". We wish our transactions to be carried out openly.

I have already mentioned section 23 which is of some significance in so far as the reserves are concerned. Hon. Members will see from section 23 that the international business companies are obliged to apply their profits to build up the reserves to the level of their paid up capital at least and maintaining it at that level.

Now Part II of the Act deals with day to day administration. Hon. members will read Part II and in Committee I will be glad to deal with any particular aspect of it. Sections 40, 41 and 42 do place some conditions on who may be a director of an offshore bank. Section 42 will save us all the trouble of dealing again with Mr. Burnett Alleyne; but administration is covered by that part of the Act.

Part III of the Act deals with winding up. This is a provision that has to be in all Banking Acts, Sir, and it is only to be expected. The sections have been carefully thought out and carefully drawn. We have had the advice of the International Monetary Fund on this Part and other Parts.

Now Part IV covers tax. Residents and non-residents are differently treated in Part IV. First of all in section 101 control companies are defined. This is also a very important aspect of any law regulating the

investments and the behaviour of companies. We are also establishing the status of an associateship in section 101. Section 102 goes straight into the question of income tax. There will be no income capital gains or any direct taxes on licensees or on dividends and other payments paid to non-resident beneficiaries.
3.30 p.m.

There will also be no Estate Duties for the non-resident benefit. In other words, if a non-resident has a deposit on a Bank in Barbados in an off-shore Bank and he dies, he will be able to leave the benefit of that deposit free of any Estate or Succession Duties.

Section 104 provides that there should be no withholding of tax on dividends. Section 105 exempts trusts from the various taxes. Section 106 establishes the particular rates of tax which will apply to companies because I have said in these previous sections here there will be no local Income Tax for Barbadians directly. The tax rates are set by Section 106 and they correspond to the rate in the International Companies Act which we passed at the end of 1977. We have made that conformed. Two and a half percent of \$10 million in profit, 2% from \$10 million to \$20 million. One and a half percent from \$20 million to \$30 million and 1% on all profits above \$30 million.

These figures may seem fanciful, Sir, but as the hon. member for Christ Church South Central will tell you that one particular Company whose profits were in the area when we were approached were many times more than \$30 U.S. million. I cannot identify the man but that perhaps might give a clue as to the identity of the Company who has not only approached Government but has been carrying on negotiations over a period of time and is now indeed registered as an International Business Company in the Island in anticipation of handling a great deal of its International Financing Business through Barbados.

These taxes will not be administered by the Commissioner of Inland Revenue. They will be administered by the Central Bank. The Levy on the tax will be paid into the Consolidated Fund. The International Company, however, will have access to the appeal procedure laid down in the Income Tax Act if they agree with the Central Bank's assessment and they will eventually be able to appeal to the local Court to determine the tax rate.

The Minister of Finance has also been given power to enter into particular negotiations with International Companies to provide special tax arrangements. The Minister is also being given the power to give in effect all contractual assurances of Companies related to taxation but since this is a most elaborate Resolution and as we have seen recently one or two jurisdictions in

these parts, the House of Assembly will have to approve any such Agreement. In any case, I cannot see that there will be very many Companies who will wish to solicit a tax rate less than 1%. I think that is merely a precautionary measure but it is a provision which is in the Act and which has a special protection Clause that any such Agreement will have to be fully discussed in the House of Assembly. In all probability, Sir, the sort of Act which will want such an Agreement I anticipate either it will be something open and obvious or else they would not be prepared to be discussed in Parliament.

The Government will still be allowed to levy service charges, utility charges, special licence fees and the like. We will still raise revenues from that. Stamp Duty will have to be paid on all instruments intended to be used within Barbados. There will be no exemption from Customs Duties of International Companies.

I will draw the hon. members' attention to the wording of Section 111 because it is a novel wording; "except instances where the licensee can satisfy the Minister of Finance that goods which he wishes to import for the purpose of his business are not being made or manufactured in Barbados which are essential as equipment or fixtures for doing business in Barbados and are not merely goods that will be used up or expended in the ordinary course of business." It is possible that application can be made for these to come in on a duty free basis. I do not expect there will be any great loss of revenue involved.

I think that in respect of International Business Companies we have already made such an order on special air-conditioning equipment in one or two areas and also a Chemical Company may have got exemptions under the Customs Act but all of these things involve a lot of peremptory decisions that have to be set from moment to moment. We have tried to set out the rules of this Section 111 under which these things are allowed so as to avoid having to deal with cases on an *ad hoc* basis.

Section 112 also needs some explanation, Sir. This will allow in very specialised circumstances indeed International Companies who employ persons in tax free locations to move these persons around similarly on a tax free salary basis. I am informed that the particular people are a class of persons known as "Exchange Dealers".

There is a highly skilled banking operation known as the Foreign Exchange Dealer who is prepared to be on the telephone at 2.30 a.m. in the morning telephoning New Hebrides, staying on the phone until 11 o'clock or phoning a telex message trying to make 1/16th of a 1% average on \$90 million or \$100 million

for his Company. Some of them get into the news when they trespass a little bit on the law as we have had with the City Bank Foreign Exchange Dealer in Paris who was blowing the whistle on City Bank Foreign dealings by saying he was instructed to do these dealings in Paris and enter them up as being done in The Bahamas and I think he and City Bank are now locked in difficulties but I am told that these persons accept tax free rates at a certain level and you have to be able to offer them that and if there is no Barbadian who is available for the work so you can let the Bank transfer these people from point to point without difficulty, you have to make these arrangements. We will watch those arrangements. I will watch those provisions very carefully, Sir. It is there as a matter of advice. I do not want to conceal anything in the Act and try to hurry it through. I hope that hon. members will be aware of all the aspects.

In conclusion, Sir, I would want to deal finally with the benefits that can be expected from an off-shore banking regime and for ourselves in particular. My mention and my selection of Britain, Hong Kong, Singapore, The Bahamas, The Cayman Islands and Bermuda is to be itself an illustration of the benefits that off-shore financial regimes can bring.
3.40 p.m.

Of those countries I mentioned I believe that on a per capita basis Bermuda is the wealthiest. Indeed, on a per capita basis Bermuda is the wealthiest country on earth that does not produce oil. The per capita income of Bermuda is higher than that of the United States or of the three European leaders and would only be equalled by a few of the Persian Gulf countries with minute populations whose daily production of oil in barrels exceeds the number of inhabitants. The Bahamas is at the top of the World Bank's list of developing countries in terms of per capita income. Singapore and Hong Kong are, I think, second and third on the list, higher than countries of Eastern Europe. Even Barbados with a good deal more apparent resource within our shores cannot approach the per capita income of Bermuda. We have virtually the same number of hotel rooms as Bermuda, it is true we have five times the population, but we still cannot approach their per capita income, and we are inferior to much more densely populated islands with fewer resources than ours, such as Hong Kong and Singapore, so being an off-shore regime has evidently brought some benefit to these small islands. In Hong Kong it brings a benefit although Hong Kong hasn't got a Central Bank, the Government balances its entire budget every year, it is only now it is borrowing from Mass Transit and Transportation facilities, but it balances capital and current budget against revenue. They do not have the means of influencing the legal money supply, but they still have a thriving international financial centre and they are managing to contain four million people in

an area I believe not much larger than Christ Church, St. Philip and St. Michael. Therefore there must be something in this international financial business.

You do not have to assume that you need the Mafia and you need the professional man hiding his money in order to become prosperous from such a regime, and if you ask where this prosperity actually comes from, how do you identify it, you look at the Bahamas and you see that the 330 banks in the Bahamas and the other financial institutions in fact employ more than the Bahamas tourist industry with two million tourists per year. There is a 20 billion dollar deposit in the Commonwealth of the Bahamas, and the number of clerks, of girls who can handle the Telex machines even if they are not too good with shorthand, who can beat out a few characters on the typewriter and do what is necessary to make them comprehensible, those girls are getting the chance to work in the Bahamas, young Bahamians are getting a chance to be young managers in many of those companies when they would have to be expatriate managers to look after the interest, but experience has shown particularly in Bermuda that expatriate employment can be reduced to a minimum, and indeed in the Bahamas it was a real haven for expatriates when Mr. Pindling very wisely introduced a stern work permit policy and made it a good deal more difficult, it made little difference if any at all to employment in the number of banks they wanted to be represented there, even though the books all tell you that it is difficult to get a work permit in the Bahamas.

In the Bahamas, Sir, virtually every major financial institution in the western world is represented there; virtually every one. In Singapore at the moment, in fact my figures tell me that there are only 24 off-shore banks doing business in Asia, there are twelve more with restricted licences who do a certain sort of limited business. To me that is an illustration in fact that even if you do not get virtually every financial institution in the world to come to your regime, you can get by very well indeed with a couple of dozen who are doing really substantial business and who are giving employment, and employment especially for white collar workers, especially of the sort who will go and work in the off-shore banks, is a most vital part of the thrust of this Government in its development policies.

There are other areas, and I have asked the Central Bank — a little committee has been set up on which the commercial banks will also be represented — to examine those parts of the local financial regime which will need assistance if we are to expand the number of financial institutions in the island. I am referring to the communication service. I think we need to improve the international telephone system, and the Telephone Company is going to be asked by this committee what is the prospect of subscriber trunk dialling so that we may

be able in Barbados to make calls direct to Britain, the United States and Canada as calls can be made from outside direct to Barbados. We may need to improve our communications, Cable and Wireless will also be brought into this exercise, the Accountants have been consulted on the Act itself and they will also be consulted on the question of numbers, whether sufficient Barbadian accountants are being trained, what encouragement will be necessary to improve and localise accountancy services in Barbados to make sure that we can satisfactorily service an increased number of financial institutions.

We have, in my opinion, to do something about lawyers. We have introduced very stringent terms for training lawyers in this country, and I am not sure that the terms even now are producing lawyers who can do the work of what used to be called the solicitor in great enough numbers. Many people who for seven, ten and twelve years of articles and become solicitors may not have been academically brilliant, but they had a solid foundation for business law from seeing the amount of business that was done during their years as Articled Clerks, and I sincerely hope that a sufficient number of business minded lawyers exist in the island.

We are doing what we can to encourage the growth of office premises in Bridgetown. I understand the Industrial Development Corporation is planning to build a new headquarters near to the entrance of the Deep Water Harbour. This will be encouraged and we will also attempt to have office space in this building which will be available to the sort of renter that we are envisaging. The Planning and Priorities Committee of Cabinet recently considered the model for the Central Bank building which is going to be erected in the square in front of the Cathedral, we will comparatively soon, within the next 12 months, be clearing all the area between the Cathedral and Roebuck Street and a good deal into Church Village, and a really very splendid building, if you can judge by the model, is going to be erected there.

When the Deputy Prime Minister and I were asked for our views on the desirability of adding two additional floors to provide for rented office accommodation, we right away said that it is something that absolutely has to be done if you are envisaging business expansion in Barbados, particularly business expansion of this type. We are contemplating giving incentives to persons who wish to develop sites in Bridgetown for the purpose of office accommodations.

3.50 p.m.

The Government's principal construction thrust continues to be in houses for the people, and we began no less than four housing areas at the same time, something never before done in Barbados. But in order to generate Government revenue, generate employment and

the economic activity that makes it possible to rehouse the population, it is necessary to make investment in land development of the type to which I am referring.

Now I will travel on to the benefit which have accrued in Barbados's own position. I think that notwithstanding the oil prices that have come up at the present time, the world investment climate — and particularly the international investment climate — is going to continue to be relatively favourable for a number of years. I think the world has learned a great deal about how to avoid a recurrence of the 1920s when it was bad investment by Americans all over the world that led to the collapse known as the 1931 Depression, before the role of the Government to carry out public investment was fully understood. I don't think we are going to go through those conditions again. We have to remember that in this day and age recycling has reached a pitch unheard of fifty years ago and indeed unthought of even six years ago in the bitter years 1973–74. We have seen Arab dollars going into circulation; we have seen them placed in international financial institutions, we have seen them lent all over the world, in some cases misused but in some cases put to useful purpose. Even Barbados with its very few Muslim connections is very soon to get an amount of \$1.5 million from the OPEC Special Fund. And if the price of oil goes up the money is going to the Arab countries and would have to be recycled. I am hoping that Barbados can take part in that recycling process. The countries I have cited, especially Singapore, are examples of what can be done in this direction. The Government will be approaching all the banks in Barbados and encouraging them to open an off-shore branch within our regime. It is to be understood that the domestic branch and the overseas branch have to be kept quite separate. You will not be able to put money into Barclays Bank in Broad Street and say you are going to New York so please transfer \$5,000 to your overseas account. There will be two separate institutions but we hope that the banks will respond favourably to this initiative.

The hon. member for St. Michael North West was asking earlier today the reason for a Clause which defines residence; I think it is Clause 99(1)(d). The simple reason for that particular Clause is the fact that even the Barbados National Bank may at some time in the future hope to enter the off-shore financial market; so we are hoping to support this market by domestic systems. We are also hoping that as other centres become over-crowded we will be able to give some assistance to those industries that need a little elbow room off shore. It will be found that the Canadian banks are active principally in London and the Caribbean and we can expect that the Canadian banks will also interest themselves in Barbados. So that is the basis of this Act.

This Act is the principal branch of the off-shore financial regime that we are hoping to establish in the

Island. We will necessarily start small. I do not expect that the transformation in employment will come over-night; I do not expect that Government revenue from this will suddenly reach a level that will put us into a surplus position on current or capital account; but I think that from small beginnings you can build institutions in Barbados that will both enhance and be enhanced by the reputation that our Island now enjoys. I think that these institutions can contribute to the development of the Island. They are another example of using the resources that we have — the resources of climate, the resources of the structures we have developed, and above all the resources of the people of Barbados.

Off-shore banking is a service industry just like any other banking service. Mr. Speaker, I beg to move that this Bill be read a second time.

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

Mr. SPEAKER: The question is...

Dr. HAYNES: Mr. Speaker,...

Mr. SPEAKER: I want to warn the hon. member, I think you are late but I will permit you to speak.

Dr. HAYNES: Mr. Speaker, I am not sure what is happening. I have never seen the hon. member for St. Thomas in such a good mood in this House for a long time. It is as though the introduction of this Bill represents a certain degree of fulfilment which is normally denied him.

There has been a very glowing picture painted about the benefits of this particular Bill. However, it is important that this Honourable House be aware that like any other development there is also another side to the coin. I have very mixed feelings about the introduction of off-shore banking facilities here in Barbados. It is important to point out that this particular measure will have little relevance in dealing with the important social and economic problems facing the masses of Barbadian people in this country.

4.00 p.m.

There are problems such as poverty, low wages and high prices and indeed there will be nothing to relieve them of the heavy burden of direct and indirect taxation that they have to cope with from day to day, while at the same time we will see the introduction of further contradictions within our shores by which certain persons and certain corporate entities, Barbadian and non-Barbadian, will be able to enjoy the fruits indeed of a relatively low level of taxation, and at the same time enjoy the use of the infrastructure which Barbadians have provided by their sweat and blood over the years.

Indeed, I feel that only very wealthy Barbadians and particularly those with legal training, will be able to reap any significant direct benefit from this particular measure, while many non-Barbadians will of course be able to benefit directly from these off shore banking activities. It is our suggestion, Mr. Speaker, that the employment gain will be marginal; that they will largely relate to the Legal Profession and their employees and the clerical staff and other intermediate management staff that might be employed by an expansion of existing commercial banking houses which take advantage of establishing off shore banking facilities, or any new bank that may come into Barbados and set up a business.

I think that it is only in that particular area, certainly for a number of years, that one will see any significant employment as far as Barbadians are concerned and that this will be very limited in scope. I would take issue with the figures presented by the hon. member for St. Thomas, the Rt. Hon. Prime Minister, in suggesting that because Bermuda, because the Bahamas and because Singapore and because the United Kingdom enjoy a particular level of *per capita* income; and because in those countries there happens to be an off shore banking facility, that there is necessarily a direct causal relationship between these two events.

Perhaps the hon. member for St. Thomas omitted to mention of course that both in the Bahamas and in Bermuda there is no taxation at all. That is not only in relation to banking. There is certainly no income tax, and therefore people not only invest in the banking system in those countries, but also they invest in other areas within the country, and I do not think that the same would obtain.....

Rt. Hon. J. M. G. M. ADAMS: If the hon. member would give way, Sir. The hon. member should know that it is very difficult, if not impossible for a foreign bank to invest in Bermuda. That there are not even any foreign banks in Bermuda, something that hardly any other country in the world can say. For a long time there were only two banks — Tuckers Bank and Butterfield Bank and they are not foreign.

Rt. Hon. E. W. BARROW: Sir, just on a point of information. There is a foreign bank in Bermuda now, since about four years ago; but I would like to say that Bermuda is the only colony or perhaps the only country in the world where foreign banks are prohibited. What the hon. member for St. Michael South Central has stated is quite correct. There is no income tax.....

Mr. SPEAKER: That is very improper.

Rt. Hon. E. W. BARROW: What is improper?

Mr. SPEAKER: You cannot elucidate a point made by another member. You must remember that you rose

on a point of information which is no point at all in this honourable House.

Rt. Hon. E. W. BARROW: So what, Sir.

Mr. SPEAKER: You rose on a point of information which is not a point in this honourable House.

Dr. HAYNES: Mr. Speaker, the hon. member for St. Thomas has quite a lot of experience and would know the round about way how these are done and how it is achieved. I think that the facility with which he spoke on this matter would indicate that he has a perfectly intimate knowledge of how these off shore operations can be so designed as to make it extremely difficult to determine if the particular company is the true origin of the investment.

I will go on further, Mr. Speaker, and the point that I want to get on with, and that point is that many people believe that there will be an immediate, significant spin off effect to the economy of Barbados as a whole. However, this will not be the case. The type of investments which persons making deposits in off shore banking will be looking for, that type of investment will not be readily available in an economy such as ours which is on such a small scale; and only a very small figure of that kind of money which is likely to find itself into the economy of Barbados.

The second important point is that often you have situations in which international business companies will wish to invest or deposit large amounts of money; and the volume of money that you are talking about is not the money which this economy will have the capacity to make use of to the advantage of the depositor at any point in time. I think that this is where the confusion arises. When you talk about the facilities in London, the fact is that the British economy can easily make use of deposits in the United Kingdom, and of course such money can be transferred into the economy, so that the spin off into the economy of Barbados will be very small indeed.

Rt. Hon. J. M. G. M. ADAMS: Sir, if I may elucidate, the hon. member does not seem to understand the subject of which he speaks. There is no question that the money which the banks hold in Barbados will be invested in Barbados. What he is saying now is true in so far as 2 and 2 make 4; but it is irrelevant to what I said. I never said at any stage that the money which would be invested by these companies would be available for use in Barbados. If it was to be available for use in Barbados they would be taxed. That is not what is intended at all, Sir; and it is hardly worth while speaking if the hon. member does not understand any more of the subject than that.

4.10 p.m.

Dr. HAYNES: If I may continue. I have never attributed such remarks to the hon. member. I am just saying and I want to make it clear that it is our view that the Barbados economy would not benefit in any substantial way from this kind of exercise, and I want to continue to define the limits where one can see any kind of advantage. The advantages which I have outlined so far were a limited number of clerical staff, some advantages to lawyers in the society, some opportunities for the wealthy and privileged Barbadian and for non-Barbadians abroad.

Now Mr. Speaker, those are the advantages which I have defined. I have proceeded to try to make it absolutely clear that no one should assume in any circumstances that the existence of such a facility would make any major contribution to the economy of this country, and I have not attributed those remarks to anyone. I am putting our position in relation to a matter in which I say we have very mixed feelings on the particular Bill before us.

There is another point. This piece of legislation, I speak as a non-lawyer of course, seems to me to be a very tight piece of legislation in ensuring banking propriety in respect of what takes place in Barbados. The problem with funds that find their way into such facilities is a question of the origin of the funds and then the question of where the funds go to. I do not know of any offshore facility that does not have a large element of, should I say, I would not like to use the word "mafia", but certainly there is always a certain cloud hanging over this kind of operation.

Now in the Bahamas not so long ago the Central Bank of the Bahamas — about two to three years ago — had to tighten up considerably on its control over the movement of foreign exchange from the Bahamas into other territories, and there is no question about it that it always presents an opportunity whereby privileged groups in the society, no matter how tight the legislation may seem to be on the surface, can get rid from the country of a large amount of foreign exchange. There is nothing on earth that would stop a group of Barbadians under the present arrangement here from going to the Cayman Islands or somewhere and forming some company where their names do not appear as the directors with proper protection for the names as shareholders, register here as an offshore bank and carry on offshore banking business, and according to this Act there is no way in which they can be traced; and I am sure that I speak in the presence of persons who are fully aware of how these operations take place. I would say that the Act itself generally gives a fairly tight protection after the money has reached here. The question is, what kind of money will be coming here and what are the consequences of having this kind of operation in Barbados. Quite clearly there are some advantages, but we must not close our eyes to the

possible disadvantages. There will be no question, no matter what the hon. member for St. Thomas says, that there would not be a significant element of laundering of money through this offshore facility. There is laundering of money through every offshore facility whether it be in the United Kingdom, whether it be in the Bahamas, whether it be in Bermuda, whether it be in the Cayman Islands, because often this is the only banking facility available for such laundering of money, and so long as there is money to be laundered, then people will be looking for the offshore facilities for the purposes of laundering such money. So whatever the motivations of the hon. member for St. Thomas, whatever the objectives of the Government may be, they cannot turn a blind eye on these possibilities and they cannot turn a blind eye to the possibility that legislation within the jurisdiction of Barbados cannot prevent the introduction of money, say, of mafia origin or any other kind of origin that might not normally be legal in the country of origin from coming into Barbados under some corporate arrangement which they themselves cannot investigate or cannot identify beyond a certain point.

I have heard a lot of talk that most careful investigation can be done about this and that, but there is a limit to which any Government or any agency in Barbados would be able to investigate an international business company or any corporate body which simply brings and deposits it inside here. How are you going to investigate it? How are you going to determine where this comes from?

Finally, Mr. Speaker, I should like to say this: it is my belief that this question of introducing offshore banking here is going to create further problems within this society. We have seen over the years, although it has been for the benefit of a large sector of the community, many tax concessions given in various areas, whether it be the hotel industry or any other areas, the extent of the resentment that has been built up within this society, and these are areas where these incentives have been given and the masses of people through employment have benefited directly from it. Here you have a situation where you are offering further incentives and in my judgment only a very small number of Barbadians will benefit from it. Now how many Barbadians may I ask you, Mr. Speaker, do you think will be able to find \$500,000 or \$250,000 or whatever it is in order to get involved in a company to benefit from this kind of exercise? What kind of contacts would they have? Who are the Barbadians who can benefit from that? They are not Barbadians, Mr. Speaker, like yourself and myself. There is only a very small number of Barbadians that would be capable of enjoying the benefits of that kind of facility.

In other words, this is not a measure, as I said in the beginning and will say in the end, that has nothing to do with the welfare of the masses of people in Barbados,

but is a measure for a privileged group of Barbadians and non-residents with a few individuals, particularly in the legal profession that would benefit somewhat from the spin-off effect.

Hon. H. B. St. JOHN: Mr. Speaker, this Government in its manifesto which was put very clearly before the public of Barbados promised that if it were elected it would introduced legislation and modify existing legislation with a view to encouraging offshore business in Barbados in order to provide the conditions for attracting these types of businesses. The hon. member who has just spoken has been the first speaker from the Opposition, and I take it that he is voicing the sentiments of all of the Opposition, who has made the point that we have in the Bill introduced provisions which he regarded as being reasonably tight to ensure that those who use the facilities will be adequately protected.

4.20 p.m.

I want to say, Sir, that I was part of the selective process which was entertained when this Bill was being drafted. This Bill took over two years to draft. This Bill was originally created after taking into consideration certain essential guidelines which were established by the International Monetary Fund and through Multi-National Institutions of importance.

The first point I want to make is that off-shore business is business in services which is recognised by such institutions as the International Monetary Fund and the World Bank as being a devised activity which is suitable for certain types of economy. I think it is positively clear that small Island economies are the types of economies that off-shore businesses are particularly suitable for.

The Channel Islands, The Cayman Islands, The Bahamas, New Hebrides, Bermuda, Singapore, Hong Kong and many other Island territories in the World and small states within the Continental masses like Luxembourg, Liechtenstein, Switzerland, all of these countries have passed legislation dealing with this matter. It is for that reason that the International Monetary Fund and others took a careful analysis of the alleged benefits and the drawbacks that come out and the effects of such legislation and they have also brought out models as to the protection that is necessary.

Now this Bill is tighter than any Bill that is in existence at the present moment in any of those

territories as far as supervision and control are concerned. I know that and I will tell you why because the first draft that was produced; we were dissatisfied with the tightness of it. Of course we have had the experience of the existing Banking Act, the existing International Business Companies Act and how that was manipulated and I want to say this from the very beginning that we had in this country for over 15 years the International Business Companies Act passed by the previous Government and there was nothing in that Act to prohibit anybody at all from carrying on off-shore banking or off-shore insurance.

The International Business Companies Act did not define certain things as to exclude Banking nor did it have any provisions in it which said that notwithstanding the fact that you are an International Business Company you must comply with Regulations dealing with banking. It never did. You could have carried on off-shore banking. You could have had a dummy account in the Cayman Islands but manipulated from here. You could have had that. You could have had a dummy account in Bermuda. You could have had it anywhere but you could use here as the Headquarters.

We have amended the Law to make it positively clear that the business of International Business Companies or Investment Companies excluding banking under the Banking Act and we have gone further now. We have now amended the Banking Act. The Banking Act has absolutely nothing to do with off-shore Banking when this Law is passed.

Now I hear the hon. member for St. Michael South Central talking about laundering money and all of that. Money is a negotiable instrument. Wherever it is originated, once it passes from hand to hand you get title to it. I do not know what they are talking about laundering money. I do not know what they are talking about. If you have a launderer, that is who you should worry about. The problem is the launderer, not the money. It is the launderer and that is what you have to be careful about.

You have to ensure that you do not have a man who attempts to do laundering within your jurisdiction and you deal with him there but when you talk about money, it is a negotiable instrument. There is no distinction between good and bad money except if it is forged money. If it is proper money in that it was issued by the proper authorities and it comes here, it is good money whatever its origin. Do not let us fool ourselves about laundering money. It is the launderer you have to get at and the hon. member must concede that the provisions were tight in relation to that.

Let us talk about Barbadians. The hon. member says that Barbadians will be able to set up Companies in

the Cayman Islands under dummies and then incorporate a Company in Barbados and we will not know about it. It is precisely because of the fact that we knew that people did it in the past, and the hon. member is very scared about this, it is because we know that people did it in the past that in this Act we said Barbadians who have skills and who want to participate will be allowed here in Barbados to form an off-shore Banking Company under the provisions of this Act. They do not have to go to the Cayman Islands or Bermuda or whatever to do this. They can stay right here and do it. They cannot, and this is what the hon. member cannot understand, do business with Barbadians.

Now let us look at this very carefully. There are a large number of Barbadians who have been Managers, Accountants, and Finance Directors of Banks. Hitherto they used to be able to go into banking and serve all over the Caribbean. I met one out in the South Pacific in Fiji who was a Manager of Barclays Bank out there. Nowadays, because of nationalism and the restricted use of work-permits many people who have had good training in Banking have been restricted in their opportunities. This is why I say to the hon. member that it is time Barbadians understood that there are certain areas of activities in which an individual cannot go in and I would be delighted to see a Company formed in Barbados among competent people who have had experience in this area and who would get the \$5,000. They only have to ask the hon. member to collect a few of his friends and others and his associates and if we can combine the capital that we have we will raise the initial share capital. 4.30 p.m.

I am convinced that there are people in this country with the skills available who can run an international banking company and they can attract deposits from abroad. That is all that Barclays, the Canadian Imperial Bank and the Bank of Nova Scotia do. People think that the money in the bank that Nova Scotia lends out is provided by the shareholders. That is nonsense, it is provided by depositors, and under the International Business Companies Act, under the Off-shore Banking Act Barbadians are allowed to do it, and we say that if you are going to have an off-shore banking centre, just as under the Industrial Development Act a foreign company if it satisfies the criteria can take advantage of the special legislation, and Barbadians have the same rights in respect of off-shore banking, Barbadians can set up the companies and do it.

The hon. member is quarrelling about that, I cannot for the life of me understand the logic of the hon. member. He complains that there is not enough incentive in Barbados, that you want a deduction in income tax; with that the hon. member knows that we are on all fours. The hon. member says that only a tiny minority will benefit. Look at the position. Barbadians are allowed

to take advantage of the incentives under the Fiscal Incentives Act. They are allowed now under the Act to take advantage of the incentives granted for building houses. All we are doing is saying that you can take advantage in respect of the creation of a bank which only deals in off-shore deposits. To me it is very logical and clear that you must harmonise your schemes to ensure that your Barbadians are given opportunity; that is all.

This question of equity I am all in favour of, but I know that all of you can really do is to give equity of opportunity, and that is what we are seeing here, equity of opportunity being granted. The hon. member has not read the Bill, if he had read the Bill and understood the Bill he would see there is no going through the Cayman Islands.

Let us go a little further. I am not saying that this a cure-all for all of our problems, all we are saying is, having regard to the experience of other countries who have this, if you have the right climate, if you have the right legislation, if you have the right people, that some additional jobs will be available, and unemployment is a very serious problem in Barbados. Contrary to what the hon. members on that side may think, we on this side are seriously concerned about unemployment, despite the fact we have been able to reduce it, it has not gone down enough as far as we are concerned, and that is why we will do everything within our power, and if we add 100, 200, 300, 400 or 500 jobs of computer programming in the clerical service, in construction of buildings and offices, in more work for the people at the Telephone Company, it would be a net addition and an addition when you are in our situation, any addition to jobs is something that you must go out and get because we know that there is certainly a relationship between one primary job and the spin-off effect. If one member of the household is working, we know at least in Barbadian terms that the rest are not likely to starve, because we have this concept of sharing what we have, so I do not understand the hon. member when he talks about this, so I have to dismiss this question of laundering.

We have dealt with this question of no opportunity for Barbadians, there is plenty of opportunity for Barbadians here. It is better than under the International Business Companies Act, because under the International Business Companies Act which was passed by that side, only 10% of the shareholding could be held by Barbadians. Under this Act you can own 100% of the shareholdings. I would like to see no foreign companies at all, I would like to see Barbadians having enough self-confidence to pool their resources and Barbadians having all the off-shore banks. I would like to see that. Maybe in ten or fifteen years it will be so, because if you look around Bridgetown and you see the management of all the foreign banks in Barbados you will find that 95% of the staff are Barbadians. It is only they

do not have enough self-confidence to recognise that one of these days they may be able to walk out and form a company and carry away all the business. That is what banking is. You can form a rival bank next door, the same management go over and pay their money, the same depositors, and get a take-over bid.

The other thing which of course we have in the Bill is to ensure that every Director, be he Barbadian or otherwise, that he has to conform to very strong standards, and that is what we have to learn here. In our zeal to get rich quickly we forget that when we borrow people's money, first of all we must pay it back, and secondly, we must not live as though we have champagne tastes although we only have mauby coppers, as some people like to put it, and you cannot live at a standard of living which your salary that the business can reasonably afford justifies. That applies not only to Barbadians, that applies to everybody who comes in here, that is part of the tightness the hon. member talked about.

When we look at this as a whole we must also look at it in relation to the International Business Companies Act, because we have now separated the banking from that altogether. I want to say clearly, we are so tight in this that a company incorporated abroad cannot apply for a licence under this Act, the company has to be licensed in the Registrar's Office in Barbados. We must get registration fees and stamp duties out of it, and you have to file the original documents, do not bring any Cayman Islands Corporation or Delaware Corporation. The hon. member has not read the Bill.

As for the lawyers, I know the hon. member is very concerned over the fact that the medical profession is coming under a certain scheme of regulations. The lawyers are already under regulation. The truth of the matter is that all over the world all professions and all providers of services are coming within the purview of regulation by the State, so the hon. member must not feel that only lawyers will benefit, accountants, doctors too, because the executives will now be able to afford a little higher quality of accommodation, and under the National Health Service they will be allowed private practice.

Our basic position is that we do not put forward any claims that this is going to cure all the problems, but we say that as part of our package of instructions we have done everything in our power to make sure that there are protections and inducements to Barbadians. I have explained the integration with the international business companies, and the only other point of course will be the tax haven legislation, but this is part of the international business companies which as I understood it was the genesis of tax haven legislation, and we will be amending the Business Companies Act a little later to

ensure that as in this Bill Barbadians have opportunity, that restriction of 10% will be reviewed.

I will tell the hon. member this. The great State of New York, Florida, and all of them are now preparing legislation. Florida has prepared legislation already. Our Bill is cited on Florida's Bill because we went through the whole of Florida's Bill. New York is now trying to ensure that they have legislation in order to attract this type of business. One of the greatest things the Colonial Office did to many people was that they always told them what was wrong, never told them what they did. The City of London had special provisions, the Bank of England and the Income Tax Authorities in the United Kingdom, via the Channel Islands or the Isle of Man, had special provisions adapted to compete with Switzerland and other territories, but of course they sold us the idea about laundering money. The hon. member has fallen for that hook, line and sinker.
4.40 p.m.

Dr. HAYNES: On a point of elucidation, Sir, I think the hon. member misunderstood what I said about Barbadians incorporating in the Cayman Islands. That does not stop them from meeting the provisions of this Act by further incorporation of a company wholly owned by that company in Barbados to conform with the provisions of this Act.

Hon. H. B. St. JOHN: What would be the advantage of incorporating in the Cayman Islands? Under this Act a Barbadian can get all the advantages once he is in a position to pay up the \$5,000. Secondly, if you put up a Cayman Islands company, the Cayman Islands company itself cannot come and carry on business here; it must be registered here. So what would be the advantages of going to the Cayman Islands? I do not see any advantages. The time that it was advantageous going to the Cayman Islands has gone ever since; the hon. member who is now Leader of the Opposition closed that gap with the Exchange Control Act. The gap was wide open but the hon. member closed it. There is still a little bit of money that goes out in a suitcase, but ten or fifteen dollars going out in a suitcase is no problem. But there are limits to that now because the Central Bank regulations are sufficiently tight that if you have a business that carries a certain amount of sale, the ratio of profits to these sales can be computed. We must understand that people have become more sophisticated and there are people in this country who understand things of this kind. If you sell real estate in Barbados now you have to account for the proceeds of the sale; in other words, if you carry on such a type of activity where you get a lot of your money in cash and you do not give receipts, then you would be able to accumulate, a certain amount of cash; but then you run the risk of people taking away the cash, so that in itself is one constraint. Secondly, there is a certain

amount of physical inconvenience in keeping large amounts of cash. So all of these gaps have been closed.

What we would like to see is the reverse. What is happening is that a lot of Cayman Islands money is coming back into Barbados and we want investment opportunities for it.

I am not saying that this Bill will solve all the unemployment problems, but our view is that it will tighten up existing conditions. It is a better inducement to Barbadians and we hope that additional job opportunities will be provided by this Bill.

Rt. Hon. E. W. BARROW: Mr. Speaker, just one or two points. I do not intend to traverse the ground covered by previous speakers, but I think I have some knowledge of what goes on in the Bahamas. I assisted in the setting up of the Central Bank there and I spent the last weeks of the year in the Bahamas — the only vacation I have ever enjoyed — and I think from my knowledge of the economy of the Bahamas to say that there are 330 banks in the Bahamas is slightly misleading. There may be 330 international banks registered in the Bahamas, but there are fewer Banks in Nassau than there are in Barbados. What has happened in the Bahamas is that if you walk down Bay Street and look at the office buildings of the late Mr. Stafford Sand you will see that it is impossible to paint that building because of the number of signs which cover the five stories from the ground floor up to the roof; and what happens is that the banks are registered in the Bahamas, but to suggest that they are employers of clerical officers is completely erroneous because the directors of the bank are invariably the trust companies in Bay Street and use their staffs as officers of the bank. So the number of persons taking part will not be in arithmetic relationship to the number of banks registered in Nassau.

Let me say what I think about this matter. When the hon. member for St. Thomas, the Prime Minister and Minister of Finance introduced this Bill we got the impression he was saying that clerical people would be employed. My experience is that the trust companies and the existing banks who look after the business of the off shore banks use their staff. Now it is true that if the volume of work increases extraordinarily you may get one or two extra clerical workers taken on in the trust companies but they are few banks doing business with doors open and dealing in foreign exchange — fewer than in Barbados. I was amazed at the limited number of banks, seeing that the Bahamas is a financial centre.

The hon. member cited the case of two institutions in Bermuda which is an even bigger banking centre. There were two banks up to five years ago and they entered into an arrangement — I think with the Royal Bank of Canada — whereby they allowed in one foreign bank but

in association with Butterfield who were the old colonial Bermudians. But yet Bermuda enjoyed this fantastic reputation as a centre for off-shore banking without any visible benefit of employment, and the tourist industry in Bermuda and in Nassau is still the largest employer of labour. I do not think it is correct for the hon. member to say that the off-shore banks have more employment than the tourist industry. And when you mention \$22 billion, the very nature of off-shore banking is such that the \$22 billion would be the amount of money which is used for foreign currency transactions and does not reflect in a lowering of the investment interest rate in the Bahamas economy. The mortgage rate in the Bahamas is much higher than in Barbados. We have that same situation in Israel where there was a tremendous amount of money in the banks in Tel Aviv, but I was shocked to find that interest rates were a minimum of 18%. But there was money there. So the quantity of money — if we get into 19th century principles of economics and the quantum theory of money — does not reflect in a reduction in the rate of interest or the availability of money for the local inhabitant, which was the point being made by the hon. member for St. Michael South Central.

4.50 p.m.

Now if there are 330 banks, it does not mean that there are 330 offices that you can walk into and see people employed; and men like Mr. Stafford Sand did not have to pay because of his visit when he was alive, before he went to Spain and passed on; because the whole of his building was covered from the top to the bottom with signs and then when there was a certain amount of nationalism among the black people, some of the black lawyers began to get a little more too.

This brings me to my third point. You set up international business companies to engage in off shore banking operations. Let us remember that there are people in the business already. We are competing with the Cayman Islands, with Bermuda, the Channel Islands, the Bahamas, Singapore out in the Far East, and now the Turks and Caicos Islands are trying to attract more business of this kind.

The people who are there are not going to leave Nassau and come to Barbados unless there is something over there which drives them out, or some cataclysmic disaster. It is not a volcanic place, neither is Bermuda. The only way that we can sort of cream off some of those existing companies is if — and I hope that the hon. member is not relying on some political upheaval in the countries where these companies now exist because nothing will ever happen in the Grand Cayman or Petit Cayman because the people are happy and get all the fish and all the lobster they want. There are 30,000 people. They have 4,000 companies registered in

the Cayman Islands, and I really do not see them making a beeline to Barbados after the Senate passes this legislation which we hope to pass today, and His Excellency the Governor General gives his assent thereto.

So, Sir, let us say that they are just making it possible. Directly we will get registration fees when they come; but there are not new investors lining up and looking for a place to carry on their business in foreign currency, because most of them have places in which they can carry on these transactions already. Therefore, what we have to recognise is this: people who are engaged in international finance always hope to have a stable kind of place in which to carry on their business; and therefore we should not be so ungracious to feel that things will happen in the other countries that will cause them to leave and come here. We will have to be satisfied with probably 1 per cent from people who might pass through here and would like to settle, of the people who are already registered elsewhere, and maybe 20 per cent of the new business that they will be generating. The people in Singapore have been operating from 1960 Sir; but you will find that in most of these countries there are situations where for what I would call for want of a better term, the Euro dollar — money that could not go back and therefore would have to be matched outside of the shores of the U.S.A.

So, we cannot really expect that we will get too much additional employment. The lawyers and the accountants will get some additional work. We cannot hope that we will have a great influx of companies flooding in here. It will take some time to build it up. We are not going to get any investors, because the very nature of the legislation is that you are dealing strictly in foreign currency, and for us to utilise that foreign currency in Barbados would be contrary to the Exchange Control Regulations that the hon. member for Christ Church, the Minister for Trade, has already pointed out.

I noticed the sense of euphoria with which the Hon. Minister of Finance introduced the legislation as if it were a consummation devoutly to be wished; and of course hon. members have brought him back to earth. That is not going to solve all our problems. We are saying that it is going to solve very little of our problems; and we think that we will have to be eternally vigilant over the way in which this particular bit of legislation actually operates.

We may intend it to operate in a certain way; but we are dealing with a human factor as well, both the competence of our people here locally and the wiliness of the people whom our people here have to deal with, if you understand what I mean, Sir. After all, these people, by the very fact that they want to get out of their own countries and come to Barbados are people

who are not really ultra patriotic and therefore their patriotism is not going to be Barbadian either. Their patriotism is going to be immunity from what they consider excessive taxation and so on.

If international banks, as the hon. member said, have \$1,000 million in the Bahamas, if the Government of the Bahamas had access to even 10 per cent of that money, or the Government of Barbados is going to have access to any of the money apart from the registration fee, then obviously, in my humble opinion, nobody would wish to oppose any kind of investment opportunities like that which create better housing, better roads and indeed relieve the Government of some of the headaches of searching for investment money, or the private sector for mortgage money. We need houses badly; but that money is not going to be used in Barbados. There is no use in getting starry-eyed or euphoric about it. You have legislation here. Somebody asks if they can come in, and you say yes. That is the sum total of it.

The solicitors and the attorneys of Barbados, particularly those old established firms of solicitors who have been dealing with banks and trade marks and that kind of thing are the type of people who will welcome this type of legislation. I do not see anything particularly venomous about the legislation. After all, we introduced the Act for international business companies.

Perhaps at this stage — I pointed out that the Cayman Islands with a very small population, I think about 10,000, received about \$2 million (U.S.) as a result of their registration, not of international business companies and off shore banking, but the very fact that they have no income tax and they have a lot of companies registered under their Companies Act. We could not hope to get that number of companies in a short time — 4,000 companies. Therefore, unless our fees are going to be very high, I do not see that you are going to get \$2 million for the Government.

Perhaps when he replies, the Hon. Minister of Finance could tell us on this side how much money they get from the international business companies annually that are registered. That may give some kind of idea of the kind of revenue that we may expect. Then, the international banking companies who are not prohibited — the hon. member for Christ Church South Central pointed out, not expressed in writing, but a wider interpretation of the Act would show the banks could come in as well if they wanted to. I do not know how many came. I have not seen any returns from the Registrar in this respect; but I am sure that the hon. member would have done some kind of investigation, and would be able to give us some figures in this respect.

There is another matter which I understand was raised earlier, but I prefer to make a specific statement on that, rather than to introduce it at this stage, Sir. I do not wish at this stage to introduce any acrimonious debate on this matter.
5.00 p.m.

Hon. H. deB. FORDE: Mr. Speaker, if I might characterise the difference between the speech of the Right Honourable Leader of the Opposition and the hon. member for St. Michael South Central, I would say that one sees the difference between one who has handled finance and understands banking business and has had a long maturity in political science and another who is an aspirant probably growing too fast ever to succeed, because certainly the Rt. Hon. member who has just sat down said that there is nothing venomous in this legislation, and I think he is quite correct. As a matter of fact it is easy to read the few trite articles that have recently been turned out in the New York Times in particular and a few of which have been taken up by some people in the Caribbean, give no consideration to them and merely highlight some of the international financial centres who have acquired a bad name and ignored the large number of international financial centres who have created a very good climate for investment, have assisted development all over the world and in the process have given protection not only to people doing business within those centres, but to their own investors living in those centres, and more importantly to their country's reputation as a whole.

Barbados has managed to acquire by the dint of hard work a reputation for political stability, and I hope we will continue to keep this reputation despite some of the gathering storm clouds which attract the attention of a few people from time to time, and I think we are beginning to acquire the reputation for financial accountability and excellence, and if we can train a sufficiently large number of people in this country who understand banking business, we will no longer be afraid to deal with this type of legislation and this type of activity.

I have had the responsibility for carrying out the instructions from the Minister of Finance in the drafting of this legislation, and at all stages of executing that mandate we have followed very carefully the direction and instruction to ensure that the ill-effects which flow from bad laws and bad management of financial institutions will not afflict Barbados, and I think it is true to say that this Bill contains safeguards which will be welcome not only by Barbadians, and it is important that it should be welcome by them, but which will be welcome by genuine investors who want to do business in an international investment climate where there is the

basic ingredients which would help their money to grow.

The Bill also contains certain other provisions which will ensure that Barbados will not lose the benefit of international tax treaties negotiated with countries such as the Federal Republic of Germany, the United States, Canada, the United Kingdom, in fact the EEC countries, because we do have some taxing provisions on profits of financial institutions who will operate under this Act, although it is a small percentage of the tax. If I may just briefly allude to some of the income which will be generated from this type of business, I think I may convince the hon. member for St. Michael South Central that he has not given the Bill the great study that he is obviously intellectually capable of. Registration fees we will get; licence fees even for licensing under the Companies Act in general; stamp duties; a percentage on taxes and profits; we will also get the benefit of increased business generated by additional people with sufficient incomes to spend in our own country, and these are indirect but collateral benefits generated from providing additional housing and business premises for people; we will get the additional employment which must come from business people living in this community and employing people themselves not only from spending in the shops; we will get the benefit of increased financial expertise which we need very badly in this country if Barbados is to become the financial centre of the Caribbean.

I recall very well when the Rt. Hon. member for St. John fought for the presence of the Caribbean Development Bank in Barbados, and one of the long term objects which he had then and was an object which we fully supported was that not only the Caribbean Development Bank come to Barbados, but that more and more genuine financial institutions and they could be non-banking institutions as well, would be attracted here so that we would generate the type of business that could have indirect and direct effect on our economy. I do not see why the hon. member should be less than sanguine about such circumstances. Why isn't he enthusiastic? I am sure if the hon. member had the benefit of piloting this Bill he would not only be employing P.R. people to do it, but he would be one of the best advertising agencies for what a great stroke, what an advancement this is on the financial front, what great things he is achieving as part of the process of putting Barbados in the forefront of the international financial world as he is so capable of putting forward strongly when he is on the platform. He would be doing that. He knows it as well as anyone else, but unfortunately he has not got the benefit, so he has mixed feelings. Not really so, you know, Sir. The hon. member in his capacity as an investor is familiar with the real benefits that can accrue to investors who are shrewd. I am not going to take the hon. member's

private business. He knows I would not do that; so he should know enough about the Cayman Islands companies a good place, as distinct from St. Vincent companies where there is a problem with banking to recognise that within the corners of this Bill any private investor with any business acumen as the Rt. Hon. member has would choose Barbados in preference to going to some other Island. That is what I am trying to say to him. He would recognise that when he is looking at this he should not raise the bogey and the fear of the Mafia and the laundering of money; but often we hear of this bogey and the fear of the Mafia; everything is the Mafia coming into this thing.

Sir, it is said, for what it is worth that the Bank of America probably grew big because it had Mafia laundered money. The hon. member knows that. There are bogeys written on this, but I am sure that the Government of the United States probably welcomes the presence of the Bank of America if it keeps the Mafia employed in legitimate business rather than in illegitimate business. The hon. member would know too that despite this statement about the Bank of America we welcome — and I am using “we” now meaning we in Barbados — I do not want to be partisan about this — the presence of the Bank of America within Barbados, and know that at no stage did this Government who was then the Opposition raise any spectre about your bringing in the Mafia. We do not believe that the political fall-out from making such a statement was worthy of attention because we think that as far as Barbados is concerned it was wrong to sound that sort of fear when we know that there are ways of controlling that sort of activity. The hon. member need not have a fear on this point because like talking about laundering money, without having the presence of this Bill we had the spectacle of two merchant banks being set up under the existing Banking legislation, one set up in Cockspur House with Mr. Sidney Burnett Alleyne and the other which was set up in Diocesan House. They both came to nought. In the case of the one set up in Diocesan House that was closed down in a complete battle, and I believe the depositors who were stupid not to have checked out that bank found themselves without getting any protection.

5.10 p.m.

There are missing the point and then to crown it all, Mr. Speaker, to try and suggest that we are rushing them on; the main reason for coming to the House now is to have this matter settled before the Financial Year. The existing Banking Legislation was passed when the hon. member's Party was in power. They did not have a licence but they came in and were operating even without a licence and the then Minister of Finance closed them down.

In the case of Mr. Sydney Alleyne, Mr. Alleyne was laundering through Barbados hot Portuguese money straight out of Mozambique. (*Asides*). How do I know that? The hon. member wants me to breach the Official Secrets Act, but I would not do that, Sir. He can take it from me that this is what was happening that the money was being laundered through Barbados under the existing Banking Laws.

The hon. member for Christ Church South Central gave the right reply. Once money is capable of exchange in the way it is and I do not know of any other local system to get it otherwise, Sir, you will always have the opportunity for bad elements to get through to it and the most that countries can do is to make sure that their internal laws provide sufficient safeguards and that their inspectorate happens to be well trained in order to prevent any ugly offences from coming to it. I believe that this Bill contains that basic safeguard for Barbados and it shows the degree of responsibility with which the Government has approached its task in this respect and I believe that the Bill for the benefit which will accrue will redound to the long term financial benefit of the country as a whole.

Let me say that this is only one of the long lists of legislation which we intend to enact during the life of this Parliament to improve the management of finance, both banking and non-banking financial institutions including credit institutions. We have enacted so far, Sir, a new Trustees Act which the hon. member must bear in mind has some effect on this Bill and on the provisions contained in the Trustees Act.

Shortly I hope this year we can bring down to Parliament a new Companies Act. The first draft has just been completed and will be circulated to the relevant Ministries, the Ministry of Finance, the Ministry of Trade and my own Ministry, the Ministry of the Attorney General, of course, as well as to the Accountants, the Chamber of Commerce, the Trustees Companies, the Banks and the Barbados Manufacturers Association for their comments and I am willing to send a copy of the first draft to the Leader of the Opposition because it is the sort of draft that we want the best advice on. I will give him an undertaking that I will send him as well as the Barbados Bar Association the first draft of the Bill for any comments that he may wish to make. The draft has been done by Mr. Justice Williams and we have taken into account Caribbean Development. This was a special assignment given to him by my predecessor, the Attorney General and I have continued that special assignment.

We are also bringing a new Banking Act so that the new Banking Act will be re-modelled in the light of the advice that we had and in the light of developments

in other places including the recent English Banking Act passed in 1976.

We are also bringing a new Act to deal with Non-Banking Credit Institutions and Financial Institutions and that would regularise as well local domestic credit so we will have a total package of Bills which set out quite clearly the sort of legal framework and atmosphere without which Barbados should advance towards being an outstanding financial centre.

I only want to say this, Sir. The Rt. Hon. member for St. John and the Rt. Hon. Prime Minister were correct when they cited that the growth in the Cayman Islands was one which was encouraging in the Caribbean. Last year, for instance, the Cayman Islands showed a surplus of \$2 million U.S. They were able to pay off the deficit of the year before and put \$1 million U.S. on an account out of the activity that it carries on as a financial centre.

It is significant too that last year Denmark passed a law permitting the Danish Banks to use the Cayman Islands to apply for licences in the Cayman Islands to carry on off-shore Banking activities. Now you will say that in the Cayman Islands there is a chance of Mafia money coming in. Let us look at the other side. Denmark Parliament considered the Cayman Islands as a sufficiently respectable place that it has permitted its non-bankers to incorporate in the Cayman Islands and carry on off-shore activities from Denmark. Why? There are the benefits for the Cayman Islands but there are also the benefits for Denmark.

One must not forget that this year alone it is anticipated that perhaps something like \$80 billion additional will be accruing from oil revenue which will be up for re-cycling in the World. Now we are a net exporter from Barbados of our own limited resources to Venezuela where we find there is an increase in oil prices. We have to take some more of our dollars and pay it to the Venezuelans to improve their economy to the detriment of our economy every time there is an OPEC increase.

It is anticipated by the IMF that the effects of the price increase is a 60% increase with an inflationary effect of 2.34% or something on the inflation alone in Barbados. These are serious things. The only way we can play this off is by two ways. Either by an increase of physical exports to Venezuela and other countries or by an increase in physical earnings coming from investments and coming from the carrying on of activities such as this.

No matter how enthusiastic the hon. member for St. Michael South Central maybe about seeing the employment increase in this country, no matter how

convinced he thinks he may be in his zeal and enthusiasm for seeing the Government removed by thinking that he can do better, whenever he sits in the driver's seat in this country there are certain hard international financial facts over which we have no control that you have to contend with and you then have to use your ingenuity contending with these financial facts and one has a continuous spiralling of the worse prices of oil and the effect it has on the economy.

The second is the continuous spiralling of industrialised countries raising the prices of their goods and I want to say this because the hon. member began by saying that this legislation will do nothing to deal with the question of prices and the question of unemployment and the question of re-distribution of the wealth of Barbados as though these high-sounding phrases were conveying much and when we examine it we can only do something about these if we are able to raise the base of the income and revenue in this country and raise the base of production in this country and raise the national cake in this country.

We can do it firstly by harder work and looking for markets for our goods and secondly by using our ingenuity and comparative examples of other countries to attract people here who would widen the investment base in this country. This Bill seeks to do the latter as it is part of this Government's strategy of attacking the same things the hon. member would want us to attack, unemployment, rising prices, prices set outside of our country and not by the Government and the problem of a contracting base from which to distribute the country's wealth.

I think the hon. member must see some of these measures in a non-partisan way. This Bill, regardless of which Government carries on, will long remain on the Statute Book and we must now jointly work together to create the political atmosphere, to create an atmosphere of stability and security in this country where Barbados will not be seen as a Banana Republic, where we are not preaching that you change Governments before their legitimate time and where we are not doing or saying that we need an Iran here or a Grenada. That is what we must do.
5.20 p.m.

If the hon. member wants me to show him some speeches made by friends of his, I am quite willing to show him. It is that form of atmosphere where there is a basic stability in this country and where we recognise that you change Governments by constitutional means when the people freely express themselves that they wish that change.

I have, therefore, pleasure in seconding this Bill.

Mr. SPEAKER left the Chair and Mr. DEPUTY SPEAKER took the Chair.

Rt. Hon. J. M. G. M. ADAMS: No other hon. member wishes to speak, Mr. Deputy Speaker, so I would like to thank and congratulate members on their valuable contributions to the debate. Particularly I would like to thank the Leader of the Opposition for the well reasoned contribution in which he indicated the limits of expectation that Barbadians should attach to the prospects of growth for an international financial centre. I am well aware, Sir, of the limits, but I think that the hon. member perhaps is slightly failing to take into account the possibility of business expansion, and this point was well made by the hon. member for Christ Church West, who has just sat down.

Without wishing disaster, political or otherwise, on any of our CARICOM brethren or our Commonwealth brethren in this hemisphere, there is also the possibility that passion can arise in off-shore banking centres. I touched in my speech once or twice on the undoubted choking that exists in the Bermuda insurance market. Bermuda is, after all, a very small and densely populated island, much more densely populated than Barbados, and you do have labour shortages in Bermuda. I am told the rate of unemployment there varies from 2% to 4%, but the insurance business in particular has been subject to a lot of unfavourable publicity in recent months.

I read a copy of the Institutional Investor, a magazine not known for its sensationalism, certainly not known for radical views, and as the hon. member for St. John was talking about vulcanism and cataclysms I was reminded that in the Institutional Investor in an article entitled "Bermuda: What Future For Insurance?" when I turned the page, on the left hand page was a full page colour cartoon of a volcano erupting surrounded by palm trees, and it was labelled "Bermuda" and there was a person labelled "Insurance Company" running away from the catastrophe. It is that sort of thing which sometimes it may seem like no more than a cartoon but it brings to mind that all of us perhaps are subject to people's beliefs and perceptions instability even when no such instability may occur. I do believe that among the readers of the Institutional Investor will be some who perhaps bemused by too many brandies in the Board room will think that Bermuda is next door to St. Vincent and that the Soufriere may affect them in a physical sense. I hope they do not look at a map to see how much closer to St. Vincent is Barbados. We are all, I think, part of it, all tax havens are liable to people thinking that this month this is a good place to have your money and next month that somewhere else is a good place to have your money, but I think that Barbados does not have

to cry down Bermuda or the Bahamas or anywhere else to hope for business.

We are being spoken about in the international investment world at the present time. Those of us who see within our shores some little minor eruption from time to time will appear to threaten the stability of political life, and seeing things that are so far known chiefly to Barbadians and works which are going abroad in Barbados I hope are well taken. As far as the international investing public is concerned — and I can say it this afternoon, Sir, because we are in that kind of mood — Barbados has two sensible political parties that are interested in the development of the country. People do not fear the Opposition any more than they fear the Government, no matter what domestic hatreds are whipped up from time to time in personal circumstances. Whether the Opposition might prove to be as patient an Opposition as us after 15 years, or whether they resort to violence as unfortunately it appeared to have come for some other territories, will arrive after ten, twelve or fourteen years is a matter to be seen, but at the moment that climate of stability which depends not just on the management of a country by its Government and the behaviour and the production of the leaders of the Government, but also of the confidentiality set by the diplomatic representatives of Britain, the United States and Canada, and also not only those of our other western countries, but by the diplomatic representatives of Cuba, the Soviet Union and China, because it is all that that goes to making up a country's international respect.

All of that at the moment I believe is favourable to Barbados, and I very sincerely hope that the spirit of this debate will prevail in the country and that we will not find ourselves falling into a situation where in an effort to gain power to drag down the Barbados Labour Party you end up by dragging down Barbados itself. This is a plea not for the Barbados Labour Party alone but for Barbados too. The fighting drags Barbados down, which of the parties it carries further down will remain to be seen, but it will drag Barbados down, and I sincerely hope that debates of the tone we have seen here this afternoon can continue to characterise the sort of effort the Government is making for expansion.

To deal with the specific points very shortly, Sir, the Estimates will not reveal any figures of revenue from international business companies, because international business companies are charged a once-for-all licence fee at the present time. I have not been able to put my hand on the exact figure, but I think the last amount which may surprise hon. members, Sir, I think that 115 business companies are registered, how many of them have business on any scale I cannot tell you. I cannot even tell you the gross figure, how many they were at what particular stage of

time, but I think that the number is of that order. The present banking licence fees which are charged annually on the domestic banks for the last full year was \$263,000.
5.30 p.m.

It is to be anticipated that the figure will be much increased if there is to be any substantial number of banks entering the Island. As far as the very valid point made concerning the banks in the Bahamas, notwithstanding the fact that out of the 330 banks registered only three or four may be seriously open to Bahamians and perhaps only another 30 have any substantial size office in the Bahamas for carrying on foreign exchange business and loan placement, etc., notwithstanding that, I recall that employment in these banks is very nearly 5,000 people. Despite the number of tourists that go to the Bahamas, the figures for persons employed in the banking business and in the tourist industry are very close, something like 4,866 to 4,600. So employment in the banking industry is substantial, and not only for lawyers and accountants. There are many persons in white collar jobs employed in the banking system in the Bahamas. After all you do need at least two people to be in an office with a telex — you need a maid and a cleaner from time to time. I do not think that the hon. member for St. Michael South Central is being realistic when he said that it will only be the high salaried people who will get employment. After all I am sure that to service 100-odd banks the Stafford Sand's law firm had to take on extra staff. I know that he had to send to Barbados for staff, because a very good friend of mine who must be known to the Leader of the Opposition, he was running a section of the office in the Bahamas. Employment will extend to the professional offices as well as in the bank's offices, not to speak of the indirect employment referred to by the Leader of the House involving high salary persons — rental of houses, employment of maids and generating secondary employment as a result of their presence in Barbados.

Mr. Deputy Speaker, I think this debate has clearly revealed that all hon. members are aware of the dangers but look forward to the prospects with some confidence that we in Barbados can manage an offshore financial regime, and that given good management and good fortune it may contribute to the economic activity of the Island.

I beg to move that the Bill be read a second 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, Mr. SPEAKER left

the Chair and the House went into Committee on the Bill, Mr. ODLE in the Chair.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, I propose after calling Clauses 1, 2 and 3 to deal with the Bill in parts if hon. members have no objection. I would assure hon. members there will be unlimited scope for debate on each part.

Clauses 1, 2 and 3 were called and passed.

Part 1 was called.

Mr. TAITT: Mr. Chairman, under Part I, if the Minister would turn to Clause 6, I know that the hon. Attorney General has been telling us about some new approaches to drafting, but I believe that the whole idea of drafting is to make the matter intelligible to intelligent persons at least. Clause 6 says: "No licence may be issued under this Act to any person other than an eligible company." It seems to me that this is inelegant. It seems to me that it would be more accurate if the passage read "to any other than an eligible company." I do not understand the juxtaposition of person and company. If you turn to Clause 8(2) at the penultimate line you will see "unless its memorandum and articles of association are or are amended to be satisfactory to the Minister." I take it that what is meant here is "unless the articles of Association are satisfactory or are amended to be satisfactory." As it is here I think the Minister will agree that it is somewhat inelegant.
5.40 p.m.

I am not certain if it is in this off shore banking how the Minister for example will be able to examine. Clause 12(2) says that "in particular the Minister may require an examination to be made of...." I take it that this will be really a feasibility study and off shore banking businesses will be unable or likely to be willing to submit their earning prospects and the prospects as an employer. I think that I understand what is intended here, but I think, so to speak, that with the zeal to ensure that there is an examination at all cost, that this particular clause may prove prohibitive because an off shore banking institution is certain to have a licence but it is perfectly possible, as we heard from the Leader of the Opposition, that the prospects as an employer may not be very high; but the institution may be a very desirable institution, if for no other reason than to lead the way for other institutions to come.

The first part of Clause 14 says that: "When the Minister refuses a licence under this Act it is his duty to inform the applicant of the grounds of his refusal." There is no quarrel with that; but in the next sub-section it is stated: "Where the Minister states that the refusal is in the public interest, he need not state any other ground."

I think that I understand what is being got at there, but I think that it is clear that to call for a reason in the first sub-section and then say that if the Minister thinks that the refusal is in the public interest he need not state any other ground, is saying in essence that there is no need for the Minister to do what he is doing, because all that he has to say is that he thinks on review that it is in the public interest, and that is an end of that. It would seem that the two subsections are unnecessarily elaborate.

Now, Sir, under section 19 it says that: "Any person who is aggrieved by the revocation of a licence by the Minister under section 18 may, within thirty days of the giving of the notice under section 18(2), appeal against the revocation to a Judge of the High Court, in Chambers, whose decision thereon is final." I recall in other legislation which came before this Chamber not too long ago, I formed the impression on both sides that the final decision of a Judge in Chambers, even though it might have slipped through previous legislation, this was not something which we were going to continue. We left recourse to the High Court available; and indeed, in another part of the Act it will be seen that while there is recourse to the High Court, there is no final decision by a Judge in Chambers. I throw it out for consideration by the Minister.

In section 22(1) — and the Minister has alluded to these things in a second reading speech — when he said that the capital would be subscribed and paid up in cash. He did not explain it, but I formed the impression that he was doing this to avoid what he considered to be another Sydney Alleyne application. I think that that is what he said. It would seem that later on we will come across a reference to security. Now the Act in fact says that the requirement is that the capital must be paid up in cash. It is entirely possible that there may be problems primarily because the word "cash" is used. I understand the sequence of the three Clauses, and I think that what the Minister is seeking to do is to ensure that there is liquid cash or its equivalent available as paid up capital. It seems to me that to restrict it to the use of the word "cash" may create a problem which was not anticipated by the draftsman at that point. I think that it would be better for me to stop at this point and get some response to some of these queries, Sir.

Rt. Hon. J. M. G. M. ADAMS: Sir, I do not see anything odd or anything unusual about Clause 6 which says that no licence may be issued under this Act to any person other than an eligible company. In some countries individuals are allowed to carry on banking. We are just saying that no individual will be allowed to carry on off shore banking. The word "persons" in the Interpretation Act includes companies and corporate

persons. We are just making it clear that unlike, for example, Switzerland where not only persons carry on banking, but they even found themselves into companies — that unlike Switzerland or unlike London where partnerships are carried on, partnerships will have to be incorporated in Barbados.

The hon. member will take note that they will have to be incorporated under the Companies Act and that will be applied as tightly as it can be. Section 8(2) says: "Notwithstanding anything in its memorandum or articles or association, no company incorporated under the Companies Act before the commencement of this Act has capacity to do off-shore banking from within Barbados unless its memorandum and articles of association are or are amended to be satisfactory to the Minister."

It was thought that this was perhaps too great a burden on a company which might have started out with this memorandum or articles of association which proved to be unsatisfactory, so that it might have to start all over again to produce them. This is a matter of facilitation for the companies and the words "or are" are amended. If the hon. member wants to move the insertion of two commas, I will be satisfied; but I am sure that a judge would add the commas if it ever came before him. I do not think that the commas are absolutely necessary; and the inelegance should be blamed on the Ministry of Finance and not the Attorney General's drafting department.

Section 12(2) says: "In particular, the Minister may require an examination to be made of" I do not know why the hon. member wants the examination section emphasised. I do not know if he wants to provoke me into talking about the necessity for examining these Acts when it comes to banks. I am sure that he had no such intention. I do not see why the Minister may not, if he finds it possible, direct an examination as to how many people a bank will employ.

I really should say that I anticipate that one of the first questions which the Governor of the Central Bank would be advised to investigate when they are applying for licences, is how many people they are going to employ. That is a common place thing in industrial developments, as the hon. member would know. Many are the investigations that he has carried out when he was Minister of Trade, into employment prospects.

It is a vital condition if the company is to come here and only distributes profits. If it comes as a trust and will distribute large sums of money, but will only require a manager, an under manager, a girl to dust the books and perhaps one Clerk/Typist, I will not stop it

from coming here if the profits it is distributing amount to \$20 million and a quarter million in revenue while it will only employ four or five persons.
5.50 p.m.

I think that the hon. member would have to assume that the Minister is going to pay attention to the public interest in dealing with these matters and that the public interest will range from employment of Government revenue and all points in between. I think that perhaps the Attorney General is better able to expand on section 14, but the hon. member raised a question perhaps which was a little unfair to the Minister when he assumes that if the Minister had a reason like "you are not a fit person to have a banking licence because you are a well-known vagabond who tries to overthrow countries" that he would not find language in which to inform the applicant.

Mr. TAITT: If the hon. member would give way, the difference between us is that that hon. member seems to envisage that he will be Minister of Finance *ad infinitum*. I am not dealing with that particular Minister of Finance. We are aware of his capacity and facility with the language. It is that we are now making legislation for all Ministers of Finance for all times, and this is the context in which I am raising the query. I am not dealing with the particular Minister of Finance who even if he did not have these clauses would find ways in which to say whatever it is he has to say.

Rt. Hon. J. M. G. M. ADAMS: I am sorry I have missed the hon. member's point. What he is saying is that at present you have a Minister of Finance whose approach to probity is such that if he had a reason other than public interest he would state so, but that in future there might be a Minister of Finance who although he could not say that it was in the public interest would still say so. I believe the hon. member is Shadow Minister of Finance on the other side; I think that he still has a few steps before the shadows are cleared away however. As far as I am concerned I think that if an applicant applies and the Minister considers that the applicant, for example, has a director whose presence in Barbados would be undesirable or the applicant appeared to be connected with certain persons who do not meet the requirements of the Banking Act in respect of associates, that it is proper to give the Minister a chance to tell the applicant "you are associated with such and such a company and your associates do not meet the requirements of the Act" and allow the applicant to divest himself of the association if he can or take whatever steps are necessary to put his application in order.

Suppose, Mr. Chairman, an application comes up and it was discovered at the last moment that the applicant had only paid \$1,000 in fees where he should have paid \$1,500 because of his paid up capital, do you mean I must refuse it on the grounds that it is not in the public interest or I

will refuse it on the grounds that he owes the Government \$500 more. That is the ground on which to refuse it, not those grounds. But I believe that there is a new style related to new movements in administrative law which dictate the shape of this paragraph, because in general where the Minister states a refusal is in the public interest, and he need not state any other grounds, in general it will now be found that the courts will go behind that and the courts are very apt to say all that was wrong with this application is that it did not have the right number of subscribers and that you cannot say that an application is not in the public interest because it has failed to meet a technical requirement, and therefore overturn the refusal. It is very difficult in this day and age in the new development in the common law, as I am instructed, Mr. Chairman — I am not practising; I believe the hon. member can better deal with some of these problems than I could because there are things you know when you are a law student that the Hon. Leader of the Opposition would confirm, that go entirely out of your mind within five years and you may never know them again, and now the hon. member is a student he should be up to date with these things — you must give the possibility of setting out specific reasons because you cannot now give a blanket permission to a Minister which cannot be questioned. Even when you put into Acts that the Minister's discretion cannot be questioned, they still question him and the courts will still hear it, so I think that there are reasons for that.

Now the next thing relates to the High Court. The reason, Mr. Chairman, why it is not really necessary to go further than the Chambers must surely be that although a company whose licence has been revoked is a subject to disabilities in the future, it is not subject to so many disabilities that it cannot reform and come again. In a case where a final right is to be determined, you give a whole line of appeals up to a final Court of Appeal; but where you revoke a banking licence, let it go before the court. I will tell you this: there are very few places where the revocation of a banking licence goes before the court at all, and it is only on my insistence that it is in this Act because I have said a banking licence is a form of property, and if you are taking away property from somebody, give a man a chance to make himself heard, and it will be found that under this Government even in immigration cases where you do not need to give anybody any reason, that faced with statements that have revealed serious criminal offences that would disbar foreigners from this Island, I have still written and asked the foreigners to come and show cause why their immigration status should not be terminated. There are other cases too.

I see that the Nation has publicised a recent matter with the revocation of a Justice of the Peace, and I was very glad to see that it was put right down the line, because the Justice of the Peace concerned has obviously made the correspondence available to the

Nation, and we have nothing to be ashamed of. There is some chat about victimisation. We have written to the man; we have said due to such and such, do you think that this is in consonance with your oath as a Justice of the Peace, kindly comment on this matter before we proceed to a revocation, and the person has shown cause, and I, Sir, am now in the actual process of correcting the draft answering his letter and giving him particulars of the reasons why we think it should be revoked. It is right here in this file; it happened to be in my mind.

We are trying to remove arbitrary process from Government. We are trying very hard not to be little dictators for the few years that God and the electorate give us upon this earth and in this office. In a small country like Barbados we really do not need to be dictators; we are not fighting wars. We do not have to take decisions that will move divisions or fire atomic bombs and we can give people this sort of chance; but you do not have to carry it to extremes. Take away a banking licence, let the man go to a Judge in Chambers and finish with that. If he loses it, he comes back again in some other form if he is still interested.

Mr. TAITT: If the hon. member would give way, Mr. Chairman, the hon. member is going on *ad infinitum* on this. I am not going to say like some persons how difficult a task he is having succeeding in history not to be little dictators. Some people would say that but I would never say that. But the point I am making here is that in this Bill he is making provision for those Barbadians who can raise \$½ million to participate. Now he says that you can go and come again, but he knows that there is a problem sometimes with going and coming again, and I am not contending the point.
6.00 p.m.

I am merely saying that on another occasion I think it was the Hon. Leader of this House, were we had a Bill in which there was a final decision by a Judge in Chamber and I seem to recall that there was a policy statement from over there that said in so far as it was possible they would not be adhering to that except of a judgment in Chambers.

If the hon. member will turn with you permission, Mr. Chairman, a little further on in the Act he will see that there is reference in the Act, there are references. If he looks at 47(2)(c), it is true that this has to do with the disclosure of information but there is reference to the High Court here which does not require the High Court Judge's decision. (*Asides*). It is not important. If he thinks it is not important it is alright but it does seem to me that if you are able to go into the Courts at all that there should be no barrier or no limit put on you by legislation.

If we say the decision of the Minister should be final then we know what the position is but as long as you allow one to go into the Court — what this says here is that if on a particular day in a particular year a particular Judge is not feeling particularly happy you can lose and that is the end of that.

Rt. Hon. J. M. G. M. ADAMS: The distinction that I was making is this. The revocation of a licence is a final act concerning that Act but it does not destroy the rights of the person for ever and ever. The Central Bank can still give permission for a Director of that Company to become a Director of another licensee.

Section 47 deals with the High Court Order and I believe that the order may well be applicable but it is a serious matter because an order to open the Secrets Book is not anything to be taken lightly because once you open the books and get out the information, the information is out. There is noway you can put it back into the books again, but if you revoke the licence, the people concerned can wind up the Company under the provisions of the Act. They can pay out the money in the correct way and they can come again to the Central Bank to get permission to become Directors again.

As to the distinction between the policy statement that as far as possible we will not make decisions of Magistrates' final or decisions of Judges in Chambers final, the distinction to be drawn between that and this Section is that this Section is not really a final proceeding. It is an administrative decision which we are voluntarily submitting to the adjudication of the Court.

Section 47 deals with the final proceedings — "Shall information be disclosed or shall it not". After all, suppose a real major Company has a major reason for selling or rather is under contract not in anyway to do anything to reveal the identity of a depositor. You must allow those people to go to the Privy Council. It has nothing to do with a Minister at all. It is not an administrative decision.

Mr. TAITT: Just one point, Mr. Chairman. If the hon. member says it is merely an administrative decision, I will give him here an occasion of a case in point. There is a man in the Bahamas who had been living there for some time. Under the Immigration Act in the Bahamas the Minister's decision to grant or not to grant permission to stay is like in all Commonwealth Countries. This is an administrative decision. When he went to the Judge in Chambers he got one kind of decision and to cut the story short it went to the Privy Council and where the Appeal Judge had disagreed with the first Judge, the Privy Council agreed with the first Judge.

All I am saying is that it was an administrative decision and in the countries of the World there is

nothing that is more final than Immigration by the Government authority. You do not usually get a chance to appeal to a Privy Council. I am merely saying that since you have indicated that you were not going to have this kind of thing, I just drew it to your attention but if the Government is satisfied with it, I do not wish to prolong the discussion on the matter.

Parts I – III were called and passed.

Part IV was called.

Rt. Hon. J. M. G. M. ADAMS: The Attorney General and I, Mr. Chairman, in considering Section 19 which is related to this Bill in so far as the real mischief is concerned that comes from the long appeals with the revocation and the damage the Bank can do when it appeals has been engaging our attention.

If the Bank can stay open while it is appealing, it can do a very great deal of damage. While we appreciate the point which was made, we would have to be satisfied that the powers under this Bill are sufficient to overcome any damage that the extension of the period of appeal might cause so what I would perhaps suggest is that if hon. members feel strongly we will consider these amendments. We already know that it needs amendments. We already know that and we will add this to the list of amendments to be considered.

I think hon. members appreciate that revocation has to be a swift process and we will have to look at the present provisions which need to have Regulations which make it clear that the Banks cannot do business after their licences have been revoked even if they appeal but we will look at all of that in the context of winding up the provisions of the Revocation Agreement.

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

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

Part V was called.

Mr. ALLEYNE: Mr. Chairman, I want to make one point. I suggest that before the Act goes into operation that copies of the appropriate Double Taxation treaties between Barbados and the other countries with which we have such Treaties might be available because that is a point of crucial importance to investors who might wish to come from those countries with whom we have Double Taxation Agreements. My understanding is that it is impossible to get hold of the U.S., Double Taxation Treaty which I understand is the one which governs Barbados at the moment. I am only making that suggestion in the interest of the total success of the Act.

6.10 p.m.

Hon. H. deB. FORDE: Mr. Chairman, so far as international double taxation agreements are concerned, we have an existing agreement with the United States and we have been given a query from that country about their wish to re-negotiate that agreement. We have made an interim agreement with Canada, we have negotiated a new agreement with Canada, it was finally settled last year and sent to the Canadians, but they are doing the French translation and it is for them now to get back to us on it. We have international double taxation agreements with Jamaica, Trinidad and the other territories in this region, as well as with Germany.

The problem on double taxation agreements is that we have really not got people with the time and knowledge, and particularly time, to sit down and do nothing else but these agreements, and the Director of Finance and Planning and the Commissioner of Inland Revenue have recently made the submission to me to get technical assistance from the Commonwealth Fund for Technical Co-operation, and we have made a submission to them. We had in our Chambers the then Mr. Worrell, he is now Mr. Justice Worrell, who had spent a long time in looking at taxation matters. We have lost him to the Bench. We specifically trained Mr. Nelson and we have just lost him to private practice, and therefore it means that unless we can create a body of tax lawyers who are experts it takes us quite some time to look at every agreement made by us, and I am hoping that within the next twelve months that we have outside assistance that we can take one or two of our young people and let them specialise in this branch of the law with the hope of entering all the tax arrangements we want with Japan, OECD countries, with Venezuela and Mexico and the Caribbean countries as well. So I can only tell the hon. member that I cannot circulate any more than the few existing double taxation agreements which exist.

I think the hon. member for St. John said the Canada-Barbados double taxation agreement started a long time ago when he was Minister of Finance, and it has taken us years to re-negotiate the whole thing, and I expect that the one we are about to do with the United States will probably take us two or three years. It takes that sort of length of time.

The question that Part V stand part was put and resolved in the affirmative without division.

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

On the separate motions of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. H. deB. FORDE, the Bill was read a third time and passed.

THE INTERNATIONAL BUSINESS COMPANIES
(EXEMPTION FROM INCOME TAX)
(AMENDMENT) ACT, 1979

Hon. H. B. St. JOHN: Mr. Speaker, this is a very short Bill and it relates to the other Bill which this House has just passed. In 1977 it was the Development Act which only came into force last year, and the International Business Companies Act was amended to provide a scheme of taxation for investment companies. When the International Business Companies Act was originally passed, there was no provision for the taxation of non-investment companies, that is, trading companies. Subsequently it has been pointed out that this was an illusory advantage to trading companies as opposed to investment companies, because under the provisions of double taxation Conventions unless there is taxation in the source country one cannot take advantage of the exemption provisions, and after a review of the relevant legislation in similar countries it was suggested to us that an appropriate rate would be 2½%.

There is no graduating scale in relation to trading companies, so that accounts for the wording of the provisions of section 2. It says that in lieu of the tax rate under section 43 all the profits connected with an international business company that is not — and that is a very important word — that is not an investment company and that during the income years was an exempted company, income tax would be at the rate of 2½%. One has to look at the Laws of Barbados 1977 and the original International Business Companies Act which was amended to provide a better definition of an exempted company and it started there by excluding services under the Banking Act, so that this Act will carry out very clearly the provisions so that the 2½% tax rate can be implemented.

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

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

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

On the motion of Hon. H. B. St. JOHN, seconded by Hon. H. deB. FORDE, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. ODLE in the Chair.
6.20 p.m.

Clause 1 was called and passed.

Clause 2 was called.

Mr. ALLEYNE: Mr. Chairman, I wish to direct the question to the hon. Minister in respect of Clause 2. Is it

envisaged that it is under this section that the Insurance companies would be able to operate, and secondly I see this as part of the second part of the regime of measures designed to attract international companies here. I would like to know if at some time, in the future we can expect a Bill to make Barbados an international port of registration for shipping.

Hon. H. B. St. JOHN: This section is the section under which the insurance companies will operate under the Act. The service is a result of an amendment in 1977 to exclude banking, but all other services are included, so there is nothing to prevent an international business company from carrying on the services of insurance in respect of off-shore and outside CARICOM.

In respect of shipping we have a peculiar taxation provision in respect of shipping in Barbados in that it pays a Barbadian better to register his ship in the Bahamas or the Cayman Islands than in his own country, because of the tax rate that has come down through the years that a non-resident shipping company only pays tax in respect of 5% of the revenue they earn in respect of income in Barbados; so that all you pay if you had a ship registered in Nassau it would be 5%. That is probably the reasons why many boats are not registered in Barbados although they are owned by Barbadians in Barbados. I believe a new merchant shipping bill has been on the drawing boards for a long time. All the Caribbean countries are concerned with this question of shipping, and I believe that just as in respect of aeroplanes there are special provisions for the importation with no duty on aeroplanes, similarly at CARICOM level we have to have a non-external tariff in respect of ships. There are really colonial Acts which have been extended and we should have a new regime with a view to encouraging Barbadians in that respect. So that is the answer to the question of the hon. member.

The question that Clause 2 stand part was put and resolved in the affirmative without division.

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

On the separate motions of Hon. H. B. St. JOHN, seconded by Hon. H. deB. FORDE, the Bill was read a third time and passed.

BILL TO PROVIDE FOR REGISTRATION AND
CONTROL OF LAND SURVEYORS IN
BARBADOS

Order No. 2 was called — To move that the House resolve itself into Committee on a Bill to provide for the registration and control of land surveyors in Barbados.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, a new Land Surveyors Bill has been prepared, taking into account the view of hon. members in the debate on the Second Reading of this Bill. If hon. members opposite will abate their agitation, they can be assured that it is only a matter of time before an improved scheme taking into account the need for new boundaries will come before this House. I am therefore asking leave of this hon. House to withdraw this Bill.

The question that the Bill be withdrawn was put and resolved in the affirmative without division.

BILL TO AMEND THE IMMIGRATION ACT,
CAP. 190

Order No. 3 was called — To move the Third Reading of the Bill to amend the Immigration Act, Cap. 190.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, there was extensive debate in Committee on this Bill and we have come out of Committee with somewhat different provisions from those with which we went into Committee. In particular we have abandoned the concept of amnesty and have given the Minister power which I think is all the Minister needs to extend the time within which persons may be permitted to apply for the benefits of this Act or whatever the case may be.
6.30 p.m.

It will be discovered that the transitional provisions were somewhat restricted. One or two other alterations have been made in section 13. I think that we have improved the Act. Oh, Sir, there is one particular section. For some reason or other, we do not know how it happened, that seems to have got eliminated from the original Act and that is permission for persons to reside in retirement in Barbados. The conditions under which people will be allowed to reside are under consideration. The new Immigration Regulations will contain them. We have restored them to the Act. We have given power to the Chief Immigration Officer, with the permission of the Minister, to extend the period of time for application; and we have added a new sub-section to allow the Minister to grant special permission to anybody to remain in Barbados on such terms and conditions as he thinks fit.

With regard to section 32, the hon. member for St. Michael South West is concerned about elegance. I think that he will be pleased with the elegance with which we have approached Clause 9, because the existing Clause 9 was the draftsman's very proper response to the fact that the new Bill would not have any provisions relating to residing at retirement. When we put this back in, it was necessary to remove Clause 9 which is a deletion Clause; and since we needed space to amend Clause 32, we merely amended it to Clause 9 so as to have the same number of clauses.

I think it is a better Bill. On third reading, I know that you are not permitted to say what should be in the Bill. You can only argue about what is in it; but the question was left open as to whether we should do with section 23 of the original Act, which is the Act that allows access to the High Court by citizens or residents who have an order made against them; but although the Minister's discretion cannot be challenged in any court, I am assured by the Hon. Attorney General that this discretion has been shown to have been exercised *ultra vires* the Act or on wrong principles. I know that it is a matter of policy that the entire area of the law is being examined with a view to specific legislation. The draft is with the Bar Association and the judges now, and it will define more precisely that great area of administrative law providing for access to the Courts as a result of being aggrieved by a ministerial decision.

It is within our experience in Barbados where persons aggrieved would like to appeal to the courts and I think it would be much better that there should be a clear and complete definition of how you can appeal rather than doing it piece by piece in the Bill. We considered in Committee whether we should not have the words "permitted entrant" which was suggested by the Attorney General; but it was agreed that "permitted entrant" would be too far because that would mean that a tourist who beat up a taxi driver would have the right to go instantly before the court and so on. The word "immigrant" is meaningful, but we believe that most immigrants will have the right under general principles of administrative law to appeal to the courts in the case of a faulty exercise of discretion, and therefore we did not put that in.

Another point is, Sir, that it will help the Permanent Secretary in the Ministry of Defence and Immigration Officers and the hard pressed examination officers in the department to do their duties without unnecessary scratching of the head and feeling their way between administrative direction and proper administration of the department. There are substantial developments in Immigration; but I will add nothing further to what I have said earlier.

I beg to move that this Bill be now read a third time.

Mr. TAITT: On a point of order. It occurs to me that under Standing Order 62(4) the motion should be made that the report of the Select Committee be adopted before you make the motion for the third reading.

Rt. Hon. J. M. G. M. ADAMS: I beg your pardon, Sir. I congratulate the hon. member for the most valid point of order that he has made for a long period of time. I beg to move that the report of the Select Committee be now adopted.

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

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

On separate motions of Rt. Hon. J. M. G. M. ADAMS seconded in each case by Hon. H. deB. FORDE the Bill was read a third time and passed.

RESOLUTION TO APPROVE THE SCHOLARSHIPS,
EXHIBITIONS AND BURSARIES (AMENDMENT)
REGULATIONS, 1979

The eleventh Order of the Day was called – A Resolution to approve the Scholarships, Exhibitions and Bursaries (Amendment) Regulations, 1979.

Hon. L. R. TULL: Mr. Speaker, under the Education Act Cap. 41, the qualifications and conditions as set out under which scholarships are awarded in the tertiary level institutions on the basis of Cambridge Examinations; and among them is the condition that notice should be given to the Chief Education Officer by the 31st January, in any year in which the applicant might like his application in. Over the past few years there have arisen a number of problems in respect of this condition. Only last year there was a case in which a student who sat the examination was disqualified from entering an institution because that student did not inform the Chief Education Officer by the 31st January that year.

This Resolution, Sir, seeks simply to make an amendment to the Act in that regard, making it no longer necessary for notice to be given in writing to the Chief Education Officer of an application for Barbados Scholarship institutions.

6.40 p.m.

The other conditions stand and these relate to qualifications of citizenship, residency and so on, and also that the applicant must be under the age of 20 by the end of the school year in which the examination is written. With this amendment it will no longer be necessary for notice to be given to the Chief Education Officer by the date stipulated.

I beg to move that this Resolution do now pass.

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

Mr. TAITT: Mr. Speaker, I shall not be long at all, but I wondered if the Minister was in fact amending the Act. I notice that under 3(c) this is still for the Advanced Level examinations of the University of Cambridge Local Examinations. As I understand it, from next year a substantial number of persons in secondary schools would be doing the CXC exams. There seems to be some

difficulty with a number of parents as to whether children will do the CXC exams at the Ordinary Level and then switch to the Cambridge Local Advanced Level exam when the CXC syllabus seems to be in a different vein from the syllabus that would normally be ordinary and would lead up to these exams. As my colleague whispered, it might be in different orbit. I wonder if the Minister is able to shed a little clarification on what is anticipated by him at least in these matters.

There seems to be a lot of uncertainty not among the persons who administer the CXC. When one listens to them they are very certain about what they are doing, but a number of parents do not seem to be clear, and I might add, Mr. Speaker, that I myself have some difficulty with the CXC exams, and since I am one of those persons who will be a CXC parent in a year or two, I would be pleased to hear the Minister's explanation. (Asides) I said CXC, not sexy. One point which I would like the Minister to deal with is those children who are taking the CXC exams. As I understand it, if they do not do well at all, they would still get a certificate. Now I do not think this is the time for a debate on the CXC exams, but will those who do not do well go on from the certificate for not doing so well then to be doing Advanced Level at the Cambridge. I do not wish to go any further on that at this stage.

Hon. L. R. TULL: Mr. Speaker, if I may just answer the hon. member, the CXC examinations which are being held from this year are at one level, and that is the equivalent of the Ordinary Level examination of the English Overseas Examinations Board, and some time in the future, I think the projection of the Caribbean Examinations Council is 1982, students will be writing the examinations at the Advanced Level for the first time, so that the hon. member is perfectly correct that at this stage the CXC examinations will be written only at the lower level which is the level of Ordinary Level of the GCE examinations, and when they go on to the Advanced Level over the next two to three years, they will in fact continue to write the Cambridge examinations at Advanced Level, but after, as I said the projection is 1982, the students will be writing the higher level of the CXC examinations and not the Cambridge Advanced Level as they are currently doing.

Any misunderstanding and confusion over these exams can only exist where people are not prepared to listen to the explanations that are given from time to time on the floor of the House of Assembly, because these questions have been raised already in here and I have explained them in the greatest detail. In addition to that the Ministry has circulated to the schools the details, and I know they have been passed on to the parents, and the Caribbean Examinations Council has also been doing a seriously stepped up public relations job on these exams over the past few months. I do not see where the difficulty arises.

In respect of the exams that are being written this year, in fact they have been written already for 1979, I have pointed out before that there is an option. Schools have the option of writing either CXC or Cambridge "O" level exams, but as from next year, 1980, all the subjects that are offered by the Caribbean Examinations Council must be taken by the students in the Government schools and private approved secondary schools, and the Ministry of Education will not be acting as the agency for any foreign examining body in respect of subjects that are offered by the Caribbean Examinations Council.

Now as I understand it, by next year the Caribbean Examinations Council will not be ready to examine in all subjects at the lower level stage and in these subjects the students will still be allowed to write the Cambridge examinations, but as soon as the Caribbean Examinations Council has completed the syllabuses for all the subjects that they would want students in this area to write, then the Government of Barbados will no longer be paying the cost of examination fees for people in Government schools or approved independent secondary schools, nor will the Ministry of Education be operating as an agency for overseas examinations. I think that perhaps that answers all that the hon. member has asked.

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

SUSPENSION OF SITTING

Hon. H. B. St. JOHN: Mr. Speaker, I think this is a convenient point for us to break. There are still one or two matters we have to deal with.

I beg to move that this Sitting be suspended until 7.45 p.m.

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

The question was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the sitting accordingly.
6.50 p.m.

On resumption — —

Mr. SPEAKER: This Sitting is now resumed.

GOVERNMENT BUSINESS

Hon. C. L. BOLDEN: Mr. Speaker, I beg to move that Item No. 1 be the instant Order of the Day.

Mr. SPEAKER: Item No. 1 is the instant Order of the Day.

Hon. C. L. BOLDEN: Mr. Speaker, I beg to move that Your Honour do now leave the Chair and the House go into Committee of Supply to consider a money Resolution for the service of the Island.

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

The question 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 1979-1980 PART II — CAPITAL NO. 2

Hon. C. L. BOLDEN: Mr. Chairman, the Addendum to this Resolution has been fully set out. The only one thing I would like to add is that since July, 1972, the Barbados Sugar Producers' Association has been in correspondence with the Ministry of Communications and Works about the repairs to the Bulk Sugar Store which has been leaking for some considerable time. Experiments have been carried out by Mitchell Construction back in 1972 as to the appropriate method for ceiling the roof of that building.

It has now been settled and the type of construction which will be used to repair the roof and as the Addendum states that at the end of the contract for the construction of the Deep Water Harbour there was a sum of \$89,688 which was left over and which was transferred to the Consolidated Fund. The Resolution therefore seeks to have that sum paid back out of the Consolidated Fund to be used to carry out part of cost of the repairs to the roof of this building.

I therefore move that Head 114 do now pass.

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

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

SUPPLEMENTARY ESTIMATES 1979-1980 PART I — CURRENT No. 3

Item No. 1(b) was called — To move the passing of the Resolution to grant the sum of \$71,000 out of the Consolidated Fund and place it at the disposal of the Government to supplement the Estimates 1979-80, Part I — Current No. 3, which forms the Schedule to the Resolution.

HEAD 4(1) CABINET OFFICE

Rt. Hon. J. M. G. M. ADAMS: The estimation at Item 11 has proved somewhat modest in the light of certain responsibilities that were not foreseen at the time of preparation of the projections.

At that stage it was not foreseen that we would have the UNESCO Conference and that has set us back a considerable sum of money. The accommodation of the delegates was in the region of \$4,700, the T.V. set was \$40.00, Marriott's lunches and refreshments were \$2,402. The Hotel School charged us \$4,000 for catering to a Cocktail Party. The maid at Culloden Farm charged \$40.00 for cleaning up after and I see there was \$32.00 for drinks for some other occasion.

Then also we had a visit of the Prime Minister and Mrs. Burnham and Prime Minister and Mrs. Aarun of Surinam which was totally unforeseen. I forgot the liquor which we paid Hanschel Inniss for the UNESCO delegates. We have had one or two other things such as the opening of the Post Office in St. Thomas which cost a few dollars, not very much, a lot cheaper than UNESCO. Members of the Opposition were invited but I do not know if their wives accompanied them.

The vote is almost half-way spent and we are only now in the beginning of the second quarter and as carefully as I would like to handle these hospitality matters, I fear that we must ask for another \$50,000 to meet expenditure for the remainder of the 9 months of the Financial Year.

As far as the other vote is concerned, we have had to pay \$15,000 to a prisoner at Glendairy Prison who had his hand chopped off by another prisoner and we had to pay. We have had to pay that. I believe the previous Government was unwilling to pay it but I really think that apart from the Law they had bad advice and the Attorney General, I think I agree with him and the Department disagreed with us but fortunately it is our opinion that matters. I really do think that if you put a man into prison and you take so little care of him that you allow another fellow prisoner to get a weapon and injure this man and chop his arm off, we have some responsibility. You are sent to Prison as a punishment. You are not sent to Prison to be punished and nobody is sent to Prison to have any part of the body chopped off or any physical harm come to him from another prisoner. If it were a loaded pistol perhaps it might be marginal but not to cut anybody with a cutlass and the Government therefore feels it incumbent to compensate the man for the loss of his hand.

We have another payment, Sir, a very considerable payment indeed. I think this arose out of a judgment out of the court. We could not pay off the person an amount of almost \$40,000. We could not pay him all in the last Financial Year. We paid part of the judgment and we are paying the remainder now, this year, and with that \$9,370 the rest of the claim, Sir, would be paid off. There is another claim for a Police Officer who was injured in the execution of his duty in October, 1975. I

do not know why these things take so long to be settled, Sir. There is a gentleman whose horse stepped into an open water-box that the Waterworks left in the road. 7.55 p.m.

We have not even been able to pay the last two as yet, and they will come to more than \$3,000, and that is really very essentially this vote. These are things you cannot possibly help, you really do not know when you will get these claims, and we are therefore asking for \$15,000 to supplement Item 13.

Mr. SANDIFORD: Mr. Chairman, I will not be long on this particular matter, but speaking on Item 11 — Operating Expenses, I note that in recent times the Prime Minister and Minister of Finance and the member for St. Thomas has been kept fairly busy opening certain facilities in St. Thomas, and he himself has mentioned the opening of the Post Office at Welchman Hall and I read in the papers recently of some effusive function and some effusive words as well at Redmans Village, where I believe some housing activity took place there. Maybe the bill for that function will come out of this supplementary for additional funds, that we are voting here.

I am not knocking the Government for these activities because I believe it is right and proper when facilities which are to be used by the people in this country are opened for use by that public, I believe it is right that some formal function should mark the opening, and I note too that invitations may be extended from time to time to members of the Opposition. I do not complain about that because I get invitations from time to time and I attend sometimes. I attend sometimes in spite of some comments which may be made about me from time to time, but that is a matter for the political platform not for here.

The point I really wish to raise, however, is that I did not hear the exact cost for the hospitality extended on the occasion of the opening of the Post Office at Welchman Hall. A very worthy project, I must say, and one which I believe was started even before the present Government came into power. I believe there were plans for the development, at least an area of land allocated for a library and other parochial facilities. All of this shows that the previous administration was interested in providing services on a national basis, and I think that is how it should be, because the Government of a country is the Government of the whole country, and I wonder if the Prime Minister could give us the cost for that particular event in Welchman Hall when he was able to demonstrate to the voters of St. Thomas that at the next elections they should give the Democratic Labour Party a vote there for having conceived the idea of a Post Office for Welchman Hall.

Secondly, it is the cost I am concerned about, it is purely because I did not hear the figure. It was said in

bated breath. I did hear it did not cost as much as UNESCO set us back by. I believe the visit by the Director General of UNESCO was a fitting occasion for this country to demonstrate its solidarity in the field of education, the culture and the social sciences with the other countries of the world which believe in these matters. I do not know how these policies change from time to time, but I recall very well there was a Post Office completed — it is called the Brittons Hill Post Office although it is in Dalkeith Hill, St. Michael South — and I did not hear of any opening, any formal function for that particular facility. I do not know why there was no formal function for that particular facility, as far as I can recall, but I have no hard feelings about these matters, because we know that as politics go in this country, today you are in Government, tomorrow you are out of Government, and we accept the two-party system in this country, so whatever is done is all right by me, we retain the confidence and support of the large masses of people in this country and we will continue to play our part in the functioning of the two-party system in this country.

That is as far as Item 1 is concerned. I do not know what were the details concerning this big compensation of over \$40,000, I do not think very many details were given, all I heard was that it could not have been paid during one financial year and it is now necessary to complete the payment in another financial year. I did hear a little later on some information indicating that some Police Officer was injured in the course of his duty, there was a detail concerning another incident, but the substantial one I do not think there was any information given by the Prime Minister on that and I am wondering if he can give just a little information on it so that we would know what it is specifically about.

Rt. Hon. J. M. G. M. ADAMS: As far as the Post Office is concerned, the function cost \$1,600. As far as the Brittons Hill Post Office is concerned, that Post Office was opened when it was incomplete during the 1976 election campaign when the hon. member was the member for St. Michael South. He is still the member now. I congratulated him at the time, perhaps it was the Brittons Hill Post Office that produced 12 extra votes, because he did very well, unexpectedly well in that little box up in Brittons Hill where the rich people live. He did better then, I remember, than in 1971 and it may very well be that the convenience of the mighty of Brittons Hill and Brittons Cross Road in being able just to go to Britton Hill; the popular belief is that it is Dalkeith Hill, but it was called Brittons Hill before Dalkeith House was built. When Brittons Plantation was on top the hill Brittons Hill started from the corner of Culloden Road. It was before Dalkeith House was built. Anyhow, never mind these little pieces of unnecessary local history, but you find that Abingdon was probably built before

Dalkeith and it was called Abingdon, Brittons Hill.

8.05 p.m.

I cannot help it if the previous Government did not spend a few dollars on opening the Brittons Hill post office. I know we had to provide staff and put the grounds in order; that was the reason for not moving in at the time.

On the other matter of the \$9,000, I seem to remember that the circumstances were that we paid for the damages during the last financial year and we had to pay costs in the current financial year. Honourable members perhaps may not be aware that since we have been in power we do not now ask that every claim for compensation go to a Minister or to the Cabinet; we have delegated to the Cabinet Secretary the right of determining, I think, up to \$1,000. So we do not necessarily know every single amount for compensation. What I was saying was that there was an amount of \$9,000 — the whole claim would have been perhaps up to \$4,000 — but we have only to pay \$9,000 in this financial year. The others are small amounts. For instance there is a claim for \$290 for repairing a car. A number of claims are dealt with by the Cabinet Secretary; only in exceptional circumstances would the Cabinet see them.

I beg to move that Head 4(1) stand part.

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

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

HEAD 8(1) MINISTRY OF FINANCE AND PLANNING

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, the Gambling Commission has asked to be given until 31st July to complete its report. A survey was carried out by a public relations firm and it was not submitted in time to meet the original date of 3rd April, nor did they have enough in the vote to pay for the survey as well as to meet the extra payment for typists and a Chairman and members of the Commission for the three months. We are therefore asking for \$6,000 — \$2,500 for the survey which is outstanding and the remainder for fees. I beg to move that the Resolution do now pass.

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

Mr. SANDIFORD: Mr. Chairman, I have a few questions to raise on this matter and it is with the Item dealing with expenses of Commissions. And the first point I want to know is whether expenses which may be associated with the examination by the Working Party to study the public service of this country will come from this particular Head or what Head it will come from. I recall that this House of Assembly did pass a Resolution

tion which got support from both sides of the House and I believe the Government must have been very busy setting out the exact terms of reference and membership etc., of the working party; and I am wondering if this Supplementary that we are being called upon to vote will be sufficient to cover these expenses as well or whether other provisions have been made for that particular study of the public service.

The second question relates to the Duffus Commission and I would like to know whether all the accounts relating to that particular Commission have been settled and whether the fees for all counsel — those appearing for the Government as well as those appearing for the previous administration — have been met. I am certain the hon. Prime Minister would have that information to hand and can inform us on that particular score.

Thirdly, I wonder if the Prime Minister can tell exactly what are the fees payable to the Chairman and members of the Gambling Commission.

Rt. Hon. J. M. G. M. ADAMS: The total fees in the original vote was \$5,000 and we are not voting another \$2,100. I am not aware that there are any outstanding amounts on the Duffus Commission.
8.15 p.m.

I am very surprised that the file does not contain these details. If the hon. member would give me a moment — it appears to me that the Chairman must be getting \$40 a meeting, and it appears that the members of the Commission must be getting \$30. I can only say that it appears because this is according to how the vote was devised according to budget analysis. I do not think that they are being paid any princely sums. Unfortunately, I would not be able in a Resolution from the hon. member to increase it. Surely he would like to see the Dean, Mr. Basil Forbes and Mr. Lester Whitehead being paid more than that.

That leaves me to the query whether lawyers for the Commission of inquiry who appeared before the Commission into Carib West operations — I am not aware that we have accepted any requisition for payment of fees. Blessed are the peace makers, Mr. Chairman, for they shall inherit the earth. Sir Herbert Duffus did well for the Barbados Labour Party and for the Democratic Labour Party. He has made peace to be a great achievement; and let us not seem to make ourselves plutocrats at the expense of the peace loving populace.

I seem to recall that one of the salaries mentioned tentatively was \$50,000 for carrying out the work before the Commission. I do not think that lawyers have any expectation of being paid by their colleagues and I have no doubt that it would be possible and appropriate if we might not be able to see a way to deal with certain

circumstances; but we do not think that the Duffus Commission was a proper case where it would be proper as it was stated during the time of the past Government to hire counsel. I do not know of any system by which the past Government would have any right to hire counsel, because no Government was on trial. Certain transactions were being investigated, and that was the sum total of the matter. I do not wish to set any precedent. I was really amazed. I would be surprised when the Housing Commission report comes out, that any application will be made for costs in that. I do not think that the Duffus Commission really merited it either, Sir.

Mr. SANDIFORD: Mr. Chairman, I will comment on the last point made by the Prime Minister. I will briefly wish to indicate that there was another question that I asked concerning the Civil Service and the establishment of a working party to study the Civil Service and whether the cost was coming under this particular Head, or whatever Head it is coming from.

Rt. Hon. J. M. G. M. ADAMS: I said when the hon. member originally asked the question that I thought to myself that the hon. member for Christ Church East would give him an explanation; but in my mind no commission was appointed to investigate the Civil Service, but it would be on the basis of a working party which scarcely will be drawn from the ranks of the Public Service, who would not expect to be paid like those who serve on Commissions relating to a public inquiry. I do not in any way subscribe to a Commission of inquiry into the public service. I do not think that it is needed, and therefore I think that this would not be an appropriate Head under which to deal with such a matter.

The question that Head 8(1) stand part was put and resolved in the affirmative without division.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, I beg to move that Your Honour do now report the passing of two Resolutions in Committee.

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

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

The CHAIRMAN reported, and Mr. SPEAKER resumed the Chair and reported accordingly.

On separate motions of Rt. Hon. J. M. G. M. ADAMS seconded in each case by Hon. H. deB. FORDE the Resolutions were read a second time and agreed to.
8.25 p.m.

THE ADJOURNMENT

Hon. H. B. St. JOHN: Mr. Speaker, that concludes Government Business and the business for the day.

I beg to move that this House do now adjourn until Tuesday, 10th July, 1979, at 12 o'clock noon.

We will be doing the Defence Bill on that day.

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

Mr. SPEAKER: Before I put the motion, you will recall that on the last occasion when this House sat I

promised that I would make a statement today. That statement surrounds very much penetrating the security of Parliament, but during the past few days much has happened which entails a lot of investigative work and consequently since we have to take into consideration that totality of the security of this institution, I would prefer to delay the making of my statement until a future date.

The question that this House do now adjourn until Tuesday, 10th July, 1979, at 12 o'clock noon, was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the House accordingly.
8.30 p.m.