
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1981 – 86

HOUSE OF ASSEMBLY

Tuesday, 13th October, 1981.

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

PRESENT

His Honour W. C. B. HINDS, J.P., (Speaker); Hon. L. S. CRAIG, (Minister of Parliamentary Affairs and Leader of the House); Hon. H. B. St. JOHN, Q.C., LL.B., (Deputy Prime Minister, Minister of Trade, Tourism and Industry); His Honour C. L. BOLDEN, LL.B., (Deputy Speaker); Hon. H. deB. FORDE, Q.C., M.A., LL.B.; Mr. L. E. SANDIFORD, M.A. (Econ.); Hon. Miss B. A. MILLER, (Minister of Education); Hon. L. B. BRATHWAITE, (Minister of Health); Mr. J.G. ODLE, B.Sc., (Chairman of Committees); Hon. DeL. O. BRADSHAW, (Minister of Housing and Lands); Mr. L. L. SISNETT; Hon. Dr. R. L. CHELTENHAM, M.A., M.Sc. (Econ.), (Minister of Agriculture Food and Consumer Affairs); Mr. P. M. GREAVES; Mr. R. E. BRATHWAITE; Hon. Dr. D. G. BLACKMAN, (Minister of Transport and Works); Mr. M. A. KING; Mr. N. K. SIMMONS; Mr. H. A. BLACKMAN and Mr. A. TRUSS.

Prayers were taken by Archdeacon F. A. Cayless.

Hon. V. JOHNSON entered the Chamber and took his seat.

MINUTES

Mr. SPEAKER: The Minutes of the Meeting of Tuesday, 6th October, 1981.

Hon. L. S. CRAIG: Mr. Speaker, I beg to move, Sir, that the Minutes for the 6th October, 1981 be taken as read.

Mr. SPEAKER: If there are no observations by any hon. members let those Minutes stand confirmed.

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

PAPERS LAID

Hon. H. B. St. JOHN: Mr. Speaker, Sir I beg to lay The Public Officers' Housing Loans Fund Regulations, 1981.

GOVERNMENT NOTICES

Hon. L. S. CRAIG: Mr. Speaker, I beg to give notice of a Resolution to approve the use of the sum of U.S.\$30 million from Orion Royal Bank Ltd., to assist with the financing of the Capital programme outlined in the capital estimates for the fiscal year 1981-82.

This is relatively important to the Government. I had very brief discussions with the Deputy Leader and Acting Leader of the Opposition, Sir, hopefully that this matter will be dealt with in all of its stages. Of course, he did indicate to me, Sir, that he would consult with his colleagues and, if possible, would get back to me sometime during the course of the day, hopefully, so that this can be done today. Failing that, we may have to come back on Friday. But if it can be done today, I am quite sure that members on the Other Side and the Acting Leader of the Opposition will indicate his willingness to have this measure done in all of its stages.

It has not yet been circulated but I have asked the Clerk to have this done as soon as possible, Mr. Speaker.

Mr. WEEKES entered the Chamber and took his seat.

Mr. SPEAKER: And I take it that the Hon. Leader of the House proposes to seek the leave of the House at a later stage during the day.

Hon. L. S. CRAIG: Yes, Sir, I also beg to give notice of a Bill to amend the Special Loans Act and, Sir, hope that this can be dealt with in all of its stages today. It is just an amendment, Sir. I will be also seeking the leave of the House during the course of the day.

FIRST READINGS OF BILLS

On motion of Hon. L. S. CRAIG, seconded by Hon. H. B. St. JOHN, a Bill to amend the Special Loans Act was read a first time.

OBITUARY NOTICES

Hon. H. B. St. JOHN: Mr. Speaker, Sir, since our last Meeting the House learnt with regret of the death of the late Sir Erskine Ward who was a former member of this Chamber. Sir Erskine Ward was a distinguished Barbadian who was born here in Barbados on the 3rd January, 1900, who after having received his primary education at St. Lawrence, proceeded to Boys' Foundation and Harrison College.

In 1921 the late Sir Erskine Ward entered St. Edmund Hall, Oxford University. He studied for the Bar at Middle Temple between the years 1922 and 1924 and was admitted to the local Bar in Barbados in 1925.

From the time of his return to the Local Bar, Sir Erskine took a great interest in political matters and in economic and social matters in Barbados. He practised between the years 1925 to 1931 and he was a distinguished journalist during that period of time.

He joined the Bench in 1929 and was a member of this House from then until 1931 for the City of Bridgetown. He was Judge of the Bridgetown Petty Debt Court between the years 1939 and 1944 and between 1944 and 1949 he was a member of the local Assistant Court of Appeal.

Sir Erskine, as was the fashion in those days, sought the wider Caribbean as an area for his talent. He became a Puisne Judge in British Guiana in 1949 and in 1951 he moved from Guyana to Trinidad and Tobago as a Puisne Judge.

Many of us who have had the opportunity of consulting with our colleagues in the rest of the Caribbean during the course of the Caribbean Bar Association

Meetings, particularly after the period around 1957 when the Caribbean Bar Association became very active, would recall the very high esteem in which Sir Erskine was spoken of in Guyana and in Trinidad for the work he did while he was a Puisne Judge in those territories.

12.25 p.m.

He became Chief Justice of British Honduras, now Belize and in 1958, he was made the Speaker of the Federal House of Representatives. On the demise of the Federation, after a short period of time in Trinidad, he returned to Barbados and immediately started another career, so to speak, of public service in Barbados. He was appointed Chairman of the Public Utilities Board here in Barbados and when the constitution of the Legislative Council was amended (the Letters Patent setting up the Legislative Council was amended in 1964,) he became a member of the Legislative Council and a Minister without Portfolio in the Cabinet of the Democratic Labour Party. I had the honour of serving in the Senate in that period of time and I can testify to the very competent manner in which he presented Government business in the Legislative Council while he served as a Minister without Portfolio in the Cabinet and Honourable Leader of Government Business in the Senate.

All of us will recall the debate which took place in Barbados in the years 1963 to 1964 and 1965 with respect to the future form of Barbados' Independence. Sir Erskine was a strong Federalist. Whatever the views of others on the future of Barbados, he was Federalist. In his opinion Barbados' destiny lies with co-operation and political federation among the remaining territories of the Eastern Caribbean who had not gone independent at that period of time. So high did he place this matter in his scheme of things that he was prepared to suffer the consequences of pursuing this particular line of action. When, therefore, it was clear his views did not coincide with the views of the majority of the Cabinet, as then constituted, as an honourable man who believed that his views were right and correct, he resigned from the Cabinet and he became a private citizen once again.

He was also hired as consultant to the Barbados National Party at the Constitutional talks in 1966 which fashioned out the Constitution of Barbados for independence. Again, I am very honoured to have been present during the course of those negotiations and I can well recall the great contribution he made to ensuring that Barbados' Constitution would contain provisions which would preserve the independence of the Judiciary and the independence of parliament within the context of limitations contained in a Schedule of Rights, familiarly known as a Bill of Rights. I well recall, also, the contribution he made when we had the debate on the

Clause dealing with the acquisition of property in which the existing Law was enshrined in the Constitution.

After his return from the Constitutional Conference, Sir Erskine joined the Barbados Sugar Producers' Association as one of the Directors and indeed, later, he became the Executive Director of that Body. He thus returned to a field of activity for which he always had an abiding interest.

I also recall, as a young man, a very young man, or indeed, as a young boy that I had the good fortune of living in Maxwell Yard opposite Maxwell plantation house. Sir Erskine lived in what was the boiler house which he had converted into a residence. He also had around Maxwell House, a number of acres of land which he devoted to market gardening and, unlike many of the younger generation of Barbadians, he was not ashamed to be seen from 4.00 o'clock or 5.00 o'clock in the morning in the tomato fields pruning tomatoes and reaping the fruits of his honest labour.

He rendered distinguished service to the sugar industry in Barbados and it was during his term of office as the Executive Director of the Sugar Producers' Association that the complete reorganisation of the Sugar Factories Ltd took place. Many people have not been told fully of the importance of the reorganisation which took place by the amalgamation of all the factories into one central company in which shareholding of that central company is totally dependent upon ownership of land. It is not a case in which anyone in Bridgetown outside of the agricultural ownership of land can put capital in. It is the use of the Companies Act in Barbados to ensure the principles enshrined in co-operative movement, namely, that the producers must participate in the fruits of processing. This was the mechanism that was used and Sir Erskine was the chief pilot of that endeavour. So successful has that endeavour been that I know that many other sugar producing territories in the whole of the British Commonwealth look to Barbados with admiration for the structure which has been established here in Barbados in which, from the smallest grower to the largest grower, the fruits of processing of the raw material for the production of a finished product of sugar cane are directly owned by the producers.

The other area in this direction in which distinguished service was rendered by Sir Erskine was in the area of negotiations with the Trade Union movement. I do not think that any further or better tribute could be paid to the contribution he made in this particular field of activity than to draw to members' attention the stirring relationship, the real, genuine relationship which was established between the Barbados Workers' Union and the Sugar Producers' during this

period of time. I think that the General Secretary and all others who participated in the negotiation, however stormy they may have been, were impressed with the sense of fairness, the sense of dedication that Sir Erskine devoted to the cause of fair play, increased production and reorganisation in the sugar industry in Barbados.

After a number of years in that post when it was clear that his physical health could no longer stand the rigours of such an onerous office, Sir Erskine was in semi-retirement. However, that did not prevent him from devoting his service periodically to a number of arbitrations in the construction industry in Barbados where he brought his sense of fair play, his great judicial experience and his knowledge of the Law into play in the settlement of disputes between various parties to the dispute.

12.35 p.m.

He was, of course, a very well read man. He was a formidable wielder of the pen. He was not afraid to speak his views, however popular or unpopular, or indeed to write them under his name, not cloaking anonymity with a pseudonym. His contribution in all of these fields in Barbados and in the Caribbean was recognised when he was made a Knight of St. Andrew in 1980. He was among the first list of Barbadian honours.

To his widow and his sorrowing relatives, on behalf of the Government, the Prime Minister who is not here, and the Cabinet and the members of the Barbados Labour Party, I would like to extend the deepest sympathy.

I have, Sir, the honour to move that the usual Resolution of sympathy be passed and delivered to his widow and his family.

Mr. SANDIFORD: Mr. Speaker, death the great leveller, the great reaper, has claimed the life of Sir Erskine Ward. I rise to second the Resolution so eloquently moved by the Acting Prime Minister, and in so doing I wish to make three main observations. The first one is that Sir Erskine started his career and he lived a man of liberal temperament amidst a sea of deep conservatism. The second observation I wish to make is that he was a man of diverse and many faceted talents which saw his knowledge, his abilities, his interests and his experience utilised in many fields of endeavour in this country and in the wider Caribbean. And thirdly, I make the observation that he was a man full and imbued with a deep humanity and a deep sense of compassion.

It is in the interplay of these three different aspects, and the interplay of these aspects with the warp and woof of political and social events in this country stretching from the 1920's until the 1980's, that has given meaning

and significance to his life, and that in turn has meant a great deal of difference to the type of Barbados we live in.

His many and diverse talents are a matter of record. As journalist, politician, indeed statesman, as jurist, as trade unionist, as agriculturalist, his mark on the life of this country is an indelible one. I believe that in these capacities he has made a most outstanding contribution towards the moderation of racial relationships in this country, softening the harsh edge of those who felt that one particular race should be dominant in this country, and interpreting the feelings of the broad masses to the minority which was dominant at the time. This is perhaps an aspect of his character that is not adverted to by the publicists, but I make bold to say that that particular contribution to the social development of this country may be among one of his most outstanding contributions.

It is also sometimes not recalled that he was the first President, as I am advised, of the Barbados Civil Service Association in the mid-1940's, and the development of the bureaucracy in this country from being considered as the appendage of the Colonial Office and its development as an institution which should be opened to all talents in this country, particularly local talent, again owes much to his firm and wise hand as President and as adviser to that particular body.

His contribution to the development of the concept of regional integration, Caribbean unity and federation is well known. As the first Speaker, and only Speaker, of the House of Representatives of the Federal Parliament, his, of course, is a unique position, but I think that it is a tribute to this political courage and his political integrity that after he left the Federal scene and returned to Barbados he joined forces with the Democratic Labour Party Government of the day in order to work for the further development of Barbados and for the achievement of that illusive and still eluding goal of Caribbean federation.

I, for one, am committed to that principle of Caribbean unity, integration and federation, and I am not afraid to make that public statement and that commitment. That he found it necessary to break with the party to which we on this side belong is also a matter of record and we, of course, applaud his political integrity and his courage in holding firm to those principles which he felt dear and which he felt should not be broken at that time.

12.45 p.m.

I have had the honour of sitting in meetings with Sir Erskine. In particular, I recall with pleasure serving with him on the Advisory Council of the University of the West Indies at Cave Hill, and his wise counsel. His flash

of wit and, again, his ability to bring differing points of view into some kind of harmony and into some kind of consensus contributed in no small way towards the growth and development of the University of the West Indies, in particular its branch at Cave Hill, and I would like to pay a tribute to the contribution which he made in that particular regard.

We, on this side, Mr. Speaker, are happy to join in the sentiments expressed, and I have very great pleasure in seconding the Resolution that is before us.

Hon. L. B. BRATHWAITE: Mr. Speaker, this is not an occasion when one likes to say a lot, but, of course, it is an occasion when we must be moved to pay our tributes to one who has made an outstanding contribution to the society in which he lived. Sir Erskine Ward, Knight of the Order of St. Andrew — and I said that with some pleasure; I am proud that he was made a Knight of that Order and one of the first people to be so honoured in that Order — has made an unique contribution towards the social, economic and political life of this country. That has been well attested to by the number of things written about him and the speeches so well given here today by the Deputy Prime Minister and Acting Prime Minister and the Acting Leader of the Opposition. What we have not particularly dwelt on and what I will deal with is the question of Sir Erskine as a man. He was certainly a man who was able to walk with Kings and Queens and never lose the common touch. In our society you have little men, and by little men I mean very small men who do not fail to let it be known who they are and how powerful they are. In Sir Erskine there was a man of deep humility and a man who always thought in terms of what he could do, a person who never let anybody know who he was. You had to know the man in order to recognise him when he was around, but, of course, fate has a way of doing things, and whenever he passed, even though he tried to be unnoticed, some person would always ask who that man was, and you would always be told that that was Erskine Ward.

The late Sir Erskine Ward made a great and unique contribution to the community in which he lived. He has done things which I do not believe can easily be chronicled, because he was not a person who went abroad and let it be known what he had done for the people among whom he lived.

The late Sir Erskine Ward, I recall very vividly, took a number of decisions in the interest of integrity. He was a man of great courage. The Acting Prime Minister dealt with the question of when he resigned on the basis of principle from the Government. It is not very often that in the lifetime of a country you find people resigning from Governments. They hold on even if death is coming. It takes men of courage to do that. Sir Erskine had that courage. But, as great as that, even if not

greater, there was a very serious difference between the Colonial Office in Britain and the late Sir Alfred Crane who, before the late Sir Erskine, was Chief Justice then of Belize. Sir Erskine had the courage to differ from the Colonial Office on principle and resigned in disgust over the manner in which they sought to treat the late Sir Alfred Crane. Such men as he are not easy to be found. He was an honest man, a man who spoke his mind, a man who said how he felt on all issues, a man who had a great conviction and the courage of that conviction, a man who had great ideas. He was pregnant with them and he always gave birth to those ideas.

In paying tribute to Sir Erskine we, as simple men, can hardly do justice to the great contribution which he has made to the society; but in paying tribute we do so in recognition of the fact that he has served this community well, and we want it to be known that we recognise what he has done. In paying tribute to the late Sir Erskine I should also like to bring in his widow and his family who would have given him support during the most turbulent and unsteady times of his life. To me they deserve a mead of praise.

I can only say finally, Mr. Speaker, that it is good for the society in which we live that such a person was born and the country today is the poorer for this passing.

Hon. H. deB. FORDE: Mr. Speaker, I rise very briefly to express my own personal condolence at the passing of one of the greatest Barbadians that this century has witnessed. I first heard of Sir Erskine when I was a young lad as he was closely associated with a very close relative of mine, the late John Nurse of Lodge Road. They grew up as boys together in the Christ Church area, and even in those days of his youth, as a young lad at Harrison College, he was well known for his outstanding ability, intellectual qualities and his other prankish exploits. I think he had a puckish appearance and a puckish way of looking at life as a whole, and many stories abound about his sense of humour, his wit and his consideration for people, and even in his youth he was well known for his broad association with all the masses of people in Barbados, despite the fact that he was born from among the plantocracy.

I think that this quality of liking people for themselves never deserted him at all. Perhaps today there are two aspects of his life that stand out in my memory. One of course has been spoken of by the three other members who have preceded me in this tribute to the late Sir Erskine, and that is his strong feeling for principle. I believe that there are very few Caribbean politicians who have the courage of their conviction to resign from their political party and to give up ministerial office as a matter of principle. Sir Erskine did this. I believe at the

time he did it there was quite a lot of controversy about the move taken by himself and Wynter Crawford.
12.55 p.m.

I believe some people have been characterising his action in those days as directed against the political survival of his political Party but he never saw it in that light.

At the time, Mr. Speaker, I was one of a group of young men which included in those days the former Minister of Home Affairs, the present Acting Leader of the Opposition, the present Acting Prime Minister who counted ourselves as the under 40's and believed fervently in the future of the Federal principle. Sir Erskine therefore gave the hope to those of us that, although we had lost the battle, we would win the victory for the peoples of the Caribbean.

Very frequently since that time he would come back to the necessity for those of us who were following him to rededicate ourselves to forging unity among Caribbean people and, indeed, I am very happy to hear my very close friend and colleague, the hon. member for St. Michael South, rededicate himself to this task. It is a task, I believe, that should know no partisan boundaries and it is a task, I think, in which all of us should join wholeheartedly and I am sure that we will succeed in this regard.

The other aspect of Sir Erskine's career which I think I would like to stress, particularly for the young people of this country, is his deep feeling of humility. He was a man who had risen to several heights in the political and social structure of the countries of the Caribbean but he was always a humble person whom neither riches, riches of the intellect or riches in terms of financial rewards or money changed his basic simplicity and his approach to people.

I recall an anecdote, Mr. Speaker, very often told about him. He was once in a graveyard in British Guiana as it was then called, cutting meat for his stock, for his goats and one other person in the graveyard came up to him, started to talk to him, told him what he was doing in Guyana and then asked him, what he was doing there, what was his profession and Sir Erskine repeated very simply: "I do a little bit of judging". This was the sort of man he was, Sir. He never flourished about his calling, his profession or his achievements.

Perhaps, finally, I would like to stress the time which he always found for the problems of others. Although he did not serve in this House for a long time, I believe he manifested all of the true qualities or the best quality of the perfect representative of the people. He

always found time to attend to the problems of anyone and to listen to the intricacies of anyone of us and, particularly, he made it his business to seek out any people in the country to give advice on the public, social and political affairs.

Mr. Speaker, we have lost in his passing a very good patriot, a true West Indian, an outstanding Lawyer, journalist, and a man of public affairs. I think his life is a beacon to those of us who come after him and I hope that the principles for which he fought as a member of the Democratic League, a member of the Democratic Labour Party, a member of this House, a strong federalist, an outstanding upholder of the rule of Law, a fervent practitioner of the good arts of the agriculturalists, and a belief that good work in agriculture could be a haven and the saviour of third World countries, I hope that his life and his work will stand out for all time and be followed by many generations to come.

Mr. KING: Mr. Speaker, I would like to associate myself with all of the tributes which have been made on the passing of the late Sir Erskine Ward and to add my short contribution on the matter.

Sir Erskine's life spanned nearly three generations and yet to those who knew him, he was an ageless man. He was a man who identified with people of all ages and of all intellects, irrespective of class, colour or creed.

Now, for me, it seems that the lives of illustrious men who are honoured in death are really meaningful if succeeding generations can learn from their lives and from their examples. I think that those of us of the younger generations can learn from Sir Erskine that great scholarship, great achievement, great influence and great power in the country should not detract from essential humility.

I was not one of those who was privileged to work with Sir Erskine in any of his professional capacities. I did not particularly know of him as an agriculturalist I knew him purely as a man, a man whom I recognised for the great humility which he always had and I think what the people of the younger generations should learn from a man of Sir Erskine's character is that, irrespective of what your status in life is, irrespective of how powerful or influential you may be in life, all of that is not inconsistent with great humility. I would like to think that we of this generation and of these times can take a lesson from Sir Erskine, from his courage for his able articulation of the problems and concern of the poor, a thing which he so eminently did in that famous Report which we now know of as the Deane Commission Report.

It seems to me that if we learn from Sir Erskine that we should have the courage of our convictions

throughout life, particularly in articulating the cause of those in our communities who are poor and deprived that if nothing more, that that sort of legacy is one for which we in this generation can be forever grateful.

Mr. Speaker, I have great pleasure in joining in the many tributes that have been moved to Sir Erskine and, like the others who have spoken before me, I am pleased to associate myself with the tributes.

Mr. SPEAKER: Many a tribute has been paid to the late Sir Erskine Ward and I hardly think that it is necessary, or find it so now, to do much more than to ask that I be associated with those sentiments, those condolences already expressed.

I would like to say just a few brief things. It is known that he has possessed rhetoric. He carried with all things a sound grasp of the many ethical and technical principles of life and living which he mastered.

He had the highest sense of justice and favour and regardless of one's station in life, it meant absolutely no difference to Sir Erskine. He could find time, at anytime, to be a guiding light to anyone who sought his advice.

Sir Erskine was a member of this Honourable House for quite a short period, just two years, but I believe that during that short period he left his footprints and enough for history that those of us who have come after him can very well seek to emulate him in many respects.
1.05 p.m.

I think that, apart from being a judge, which he showed the most distinguished of his qualities, broad-based knowledge, when he became the Speaker of the Federal Parliament, West Indies, then it was perhaps the acid test of his impartiality, because he became a judge, in his own right, of groups, of inequalities as it sought to come together. But, nevertheless, Federation, as we know, was shortlived, but the good that Sir Erskine Ward did for the West Indies as a whole during that period and what he came home to do for us, as a people, what he did for our sugar industry, are all left for each and every one of us to benefit therefrom, I believe for many years to come.

On the resolution so ably moved by our Honourable Deputy Prime Minister and the Acting Honourable Leader of the Opposition, I can only ask all Honourable Members to stand with me in silence for two minutes in respect of the passing of the late Sir Erskine Ward.

(Hon. Members stood in silence for two minutes.)

Mr. SPEAKER: The message - the usual procedure will be followed - and the Clerk will be instructed to

convey to the relatives of the late Sir Erskine Ward the condolences and a copy of the resolution as passed by this Honourable House.

ORDERS OF THE DAY

SUSPENSION OF STANDING ORDERS

Hon. L. S. CRAIG: Mr. Speaker, I beg to r Sir, that Standing Orders 6, 16, 20 and 42 suspended for the remainder of today's Sitting; Sir, 6, 16, 18, 20 and 42(5) be suspended remainder of today's sitting.

Hon. L. B. BRATHWAITE: I beg to set

The question was put and resolved in affirmative without division.

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that Government Business be the instant order of the day. I think, Sir, that when we adjourned, we were on Order Number 3. Mr. Clerk. Order Number 3, Sir.

Mr. SPEAKER: Government Business is the instant order of the day. Order Number 3.

GOVERNMENT BUSINESS

TENANTRIES FREEHOLD PURCHASE (AMENDMENT) ACT, 1981.

Order Number 3 was called - To move the Second Reading of a Bill to amend the Tenancies Freehold Purchase Act, 1980.

Hon. DeL. O. BRADSHAW: Mr. Speaker, Sir, the Tenancies Freehold Purchase Act was passed last year in this Honourable Chamber. It was and it is one of the most revolutionary pieces of legislation to find itself on to the Statute Book of this country.

The aim of this Act is to give tenants the right to own the lots on which they lived for over a number of years. It also gives the tenants permanency in that the whole question of renting for over a period of years will be put to an end. Despite the legislation which has found favour with a number of persons, moreso those people who are the beneficiaries, the tenants who live on the plantation tenancies or in tenancies for as long as a life time, we find that there are a few amendments which will help to facilitate the smooth transition from rental to actual purchase of these lots and therefore this Honourable Chamber approved during the past week one of the amendments whereby this Act will become

m...ective. Today, this second amendment deals question of a right of way.

*Tenancies
Freehold
Purchase
(Amendment)
Act 1981*

and that it would be more useful to have i way which should be provided by the and not only provide access to the tenant to and fro by the landlord himself. We condition will go a long way to satisfy the g them the right to have access to and from well as the landlord access to and from his

in short, Mr. Speaker, is the reason for having amendment, but I think it would serve a very purpose if I, on this occasion, brought this Hon. ber up to date with some information. I do so ause I am aware of a report which appeared some months ago which claimed that very little was known of the progress which was made after the Tenancies Freehold Purchase Act was passed in this Hon. Chamber.

I did have the honour to hand over some four conveyances to four old age pensioners living on Dodds plantation, which is owned by the Government, and those four old age pensioners did not have to pay one cent for their lots. I would like to clear a misunderstanding which circulated during the past General Election campaign to the effect that those persons who were to receive their lots, especially the old age pensioners, were not allowed to hand over those lot plans to their successors. This, Mr. Speaker, is not true, it is totally false, and so long as the lot plans or the conveyances are handed over to them, they are free to disperse of them in any manner they feel like. The lot plans or conveyances are in their hands and they will not be taken back by this Government. So I wanted to clear that particular rumour up.

But, in respect of progress, there were some 2,130 forms that were handed out and some 1,041 lots have been surveyed. There are some 19 surveyors who are employed in this exercise and things are going smoothly. But progress is not as rapid as some persons would expect it to be, because there are some fundamental problems which people must bear in mind. The onus, according to the Act, to proceed to hand over the lots to the tenants rests with the landlord, but some tenants are still unaware of their rights to indicate to the landlord their willingness to purchase these lots. I want to state here that, according to the Act, whenever a tenant indicates by form to the landlord that he wishes to purchase, the landlord has an obligation under the Act to proceed forthwith. He must start setting things in train in order to provide that tenant with his lot, and the Act also places a responsibility or fine. Legal action can be taken against a landlord who refuses to proceed

according to the law forthwith to hand over the requested lot to the tenant.

I am also aware that there are some tenants who do not know that the onus is on them to collect the forms and to indicate to the landlord. I do hope that the tenants, whoever those persons who know about the Act, will assist those tenants who do not know, by collecting the forms. I have had some public-spirited people coming to the Ministry to collect forms. There is nothing wrong with persons assisting those tenants, because some of them are unable to collect the forms. Some of them are old age pensioners, and some of them simply do not know where to go for these forms. I will invite those persons who know to assist those tenants by collecting the forms and having them filled out so that they can proceed to get their lots as quickly as possible. The landlord, as I said, under the Act has a responsibility and it is hoped that that responsibility to discharge his function or that particular right under the Act will be taken up.

Mr. Speaker, Sir, as far as Government policy is concerned, we intend to hand over to all old age pensioners, free of cost, their lots. We, wherever possible, will supply surveyors to those landlords who request them. In other words, we are making it possible to have these lots handed over as quickly as possible, and to this end we will accept the requests by providing surveyors so that the land can be surveyed, because surveying is a prerequisite to the whole question of the conveyancing.

As we said last week, we wish to place in the hands of Barbadians the lots of land so that they can erect permanent structures, because we have found out that a number of Barbadians, the majority of Barbadians, yet rent land, and we want to alter this situation by allowing them to purchase the lots on which they live.

So, Mr. Speaker, Sir, as I said earlier, the purpose of this amendment is to allow a right of way to be provided by the landlord for the common use of both tenant and landlord, and with that, Mr. Speaker, I beg to move that this Bill be now read a second time.

Hon. H. B. St. JOHN: I beg to second this. The purpose of the Bill is quite evident, as hon. members on both sides who are acquainted with land law would know that if you sell a man a piece of land and you do not reserve a right of way for yourself and the remaining areas around the land, you would have to rely on the doctrine as a way of necessity.

1.25 p.m.

Obviously, in all of these plantation tenancies and in all tenancies there was always some kind of way, so

that if the vendor sold the piece of land which was opposite the road without reserving a right-of-way over it, not only for himself but in respect of all of his successors in title, you would not be able to get a common right-of-way through the tenantry. That is the object of the Bill, to except in the conveyance a right-of-way for the remaining lands not only for the owner but for all successors in title to the owner. It is absolutely necessary, otherwise we would have to go in the doctrine of implied easement of necessity which would only cause confusion in the future, so the conveyance is being amended to make that very clear.

Mr. KING: Mr. Speaker, when the Minister who introduced this Bill explained the reasons for the Bill, up to the time when he had got to explaining the reasons why the Bill was necessary I think we were just about all in agreement with what he was saying, but it seemed to me that when the Minister went on to try to clear up what he conceived as some misrepresentations which were being made in public, I got somewhat lost along the way. I would just like the Minister to clarify, for the benefit of this Honourable House and for the benefit of the public, the statement which he made when he said that persons who bought land as tenants were not restricted in disposing of it. I understood him to say there was no restriction on disposition of the land once it had been given to tenants.

Mr. Speaker, I know the Minister perhaps is not trained in the law, but if he would refer to section 18 of the Tenancies Freehold Purchase Act, 1980-53 of the Laws of Barbados, in that section there is a marginal note which says "Restrictions on Disposition". In Section 18 there are five subsections which seem, in my submission, to set out the restrictions which bind any tenant who purchases land under the provisions of the Tenancies Freehold Purchase Act. So I would like to know whether the restrictions, just summarily, are that the tenant cannot dispose of the land until the expiration of a period of five years from the date of purchase, and that, if he wants to dispose of it within that period of time, he may dispose of it back to the landlord, but that even then prior to doing so the National Housing Corporation has an option to take the land. Applications may also be made to the magistrate for permission to sell within that five year period. So I do not know whether there has been an amendment to the law of which I am not aware, or if the Minister is now articulating a new method of amending the Laws of Barbados by making a statement in Parliament to the effect that the law as it stands is not any longer the law.

Mr. GREAVES: Mr. Speaker, I hope that Government in pursuing this matter of the tenancies will have greater luck than I had when I was Minister of Home Affairs, when I paid a visit in the company of the

late Sir Erskine Ward of whom we heard so much today to about three plantations, and, at that time, the attorneys promised that they would donate the lands to the tenants, and in fact the real owners of the plantations reneged on that offer. I am glad to see that the Government is here making some kind of provision for access to the tenancies and, of course, at the same time, the Act says, to the plantation owners other lands, because it might be asking too much of the landlord after requiring him to dispose of his property at such low prices to provide services of roads, of water and light. We have heard nothing about this. Perhaps it is not asking too much of the landlord because it may be that over a period of years he had the benefit of the services of the people living on the tenantry. But I hope if the landlords are not required to provide these services that the Government would speed up the provision of roads and the provision of water and lights for these people, because as we have seen from time to time, those of us who represent people, and you yourself have seen this problem, there is a problem in the tenancies generally whether they are plantation tenancies or not of people having to provide services to places where they live, and I hope, if the Government does not expect the landlord to do it, that the Ministry of Communications and Works, or whatever Ministry is concerned, might see fit to provide services to these tenancies in good time.

While saying that I would also invite the Minister to have a look at some tenancies generally speaking. Some of these tenancies are ripe for redevelopment and I would suggest that they should probably bring in a Town Planning Officer and have a look at the lay-out of these tenancies. It is very possible, because nowadays you find that housespots are almost unavailable, that with a new lay-out of these tenancies, these tenancies might be able to accommodate far more houses than they are getting now, and at the same time we will have an orderly development.

Mr. FRANKLIN: Mr. Speaker, this particular amendment to the Act focuses my attention on two areas. First of all, the necessity for providing a right-of-way is well acknowledged, but it is my contention that this would not have been important and necessary at this time if the present administration had proceeded with the implementation of a land registration scheme that we had talked about before. I cannot help but think how important for the continued tidy physical development of Barbados that scheme is. Unfortunately it is not one of those schemes introduced by a Government that is easily seen like the construction of a school or the construction of a road, and because of this it takes a lower priority than it really should take.

Any development in any country starts with the source of the land and it is amazing that, throughout the

years in Barbados, the tidy development of the laws of the land in all respects has been given in Barbados very low rating. Once again I am appealing to them to get on to the point of the introduction of registration.

As far as the surveying of these tenancies is concerned, the Minister said quite rightly that my fellow professionals are doing their best, but there are problems and you will always have problems in a type of situation where you are surveying from the part to the whole and not from the whole to the part, and as a result you are going to have problems at some time when you come around to the proper compilation of the register of either overlaps or gaps in the situation as it is. I can only invite the Minister to make this as easy for the surveyors as possible by instructions that complete tenancies wherever possible should be tackled at once so that a proper network can be thrown around the tenantry for adding to the national register.

Going through the whole idea of tenancies, Mr. Speaker, this is a topic that would have to have some very close examination. There are some private tenancies with quite a few tenants. For argument sake, in the parish of St. Philip there is a tenantry privately owned with over thirty-three tenants that is creating a problem, and the Government must look at this in the near future. Under the Tenancies Control Act the rents charged by the land owners are regulated by a magistrate and he has to fix them. From my experience the returns from the rents are so low that if you capitalise it would not.....

Mr. SPEAKER: That is all right, but I do not want the hon. member to stray too far.
1.35 p.m.

Mr. FRANKLIN: Thank you, Sir. Mr. Speaker, Sir, with your permission I think that it is very important that at this time we should draw the House's attention and, in particular, the Minister's attention to some of the problems that they are having in tenancies under the present Schedule. As I understand it, the present tenancies are controlled by the Schedules and there are lots of tenancies not under this Schedule that are having real human problems, for instance, lack of facilities.

There are a lot of tenancies in the majority of the private tenancies that, in keeping with the development of themselves and of their children, would like to put down water-borne sewage systems for a healthier tenantry and the landlords of some of them actually forbid this sort of stuff. I think it is time that the Government of the day should have a look at how we are going to tackle this type of situation in private tenancies, and I am saying that this present Schedule might have to be extended. But one would have to be very careful when you apply it to tenancies owned by individuals.

Since the argument applies to agricultural tenancies that, either the present occupants or their forefathers have by their toil and sweat contributed to the development of that tenantry and therefore are entitled to special consideration, as far as the price of the lots is concerned, this does not always apply to private tenancies where sometimes it is out of the goodwill of the owner, knowing the scarcity of available lots for people with chattel houses, sometimes out of his goodwill he allows people to put their houses on to his land and, before he knows what is happening, it has become a tenantry because prior to the introduction of that Tenantry Bill there were lots of people who just allowed one other house to go on. This continued and now they are completely handicapped. You have to have a look at this at some time to see whether or not the Government would not have to go hand in hand with the owners of these individual tenancies to provide services to these people who, after all, are taxpayers and, due to no fault of their own, find themselves in a situation where they cannot improve their physical housing conditions in a day where we know it is absolutely important to encourage, wherever possible, the continual development of the housing stock.

I would like at some time — I am sorry that the Speaker is not disposed at this moment under the particular amendment for a wider discourse on the topic — but some time I hope we will get back to it.

Mr. SPEAKER: No. It is not what the Chair is disposed to. It is a question of what the House is willing to hear.

Mr. FRANKLIN: Thank you, Sir. I am guided by you, Mr. Speaker.

Mr. SPEAKER: I just want to make it clear. I would not at this time entertain whether or not rent control should be restricted or what's not. That type of problem does not apply in this case. I am concerned with the right of way.

Mr. FRANKLIN: I would like to draw to the Hon. Minister's attention that when he is looking at the right of way he must understand the necessity of this for people living in tenancies to have the right of way and other amenities. I would like to direct his attention to have a look at what legislation or amendments would be necessary to this appropriate Act in order that tenants in these particular situations can continue to develop their housing stock in this country. Thank you, Mr. Speaker.

Mr. SANDIFORD: Mr. Speaker, I rise to speak on this question of a right of way and I am aware that the National Housing Corporation, the Government of

Barbados, may be among the biggest owners of tenancies in this country. I think, as a House of Assembly, that we will really be failing in our duty to the people of this country if we did not give expression to the problems which certain Barbadians encountered over the weekend when some of them could not get any right of way out of their houses in tenancies.

Mr. SPEAKER: Please, please, please. I am appealing to the hon. member for St. Michael South to keep North of the border.

Mr. TAITT: Mr. Speaker, Sir, I would just like very briefly to draw to the Minister's attention and particularly the Government.....

Mr. SPEAKER: Let us have some order.

Mr. TAITT: Arising out of what the Hon. Minister had to say, it would seem to me as if the Minister himself is not fully, I am saying it would seem so, fully *au fait* with all of the details of the parent Act because in the introduction of the amendment there were certain statements which he made which, I believe, would raise some question as to whether the Act actually provides for what he has said or whether his interpretation might not be somewhat off track.

It would seem to me, Mr. Speaker, that the suggestion which my colleague, the hon. member for Christ Church West Central, alluded to, it would seem to me that the whole question of the actual ownership of plots.....

The microphone has gone out. Obviously, it has been indicated that the microphones have all gone on this side.
1.45 p.m.

SUSPENSION

Hon. L. S. CRAIG: Mr. Speaker, I am informed, Sir, that we are having problems, technical problems, Sir, and I believe I can assist the entire Honourable House, Sir, by suspending the Sitting until Friday, 16th October, 1981 at 12.00 o'clock noon for further consideration of the matter before us and other related matters.

Mr. Speaker, I beg to move that this Sitting be now suspended until Friday, 16th October, 1981 at 12.00 o'clock noon.

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 at 1.48 p.m.

On Resumption:—

Mr. SPEAKER: This sitting is now resumed. When the suspension was taken the hon. member for St. Michael West was addressing the Chair.

Mr. TAITT: Mr. Speaker, as I recall, the Hon. Minister had introduced the amendment to the Bill which had been passed in this Hon. House which intends that tenants of long standing on plantation tenancies would acquire the property for which they were tenants with as little difficulty as possible at a price that was considered to be reasonable.

No one can question the necessary amendment which is before us now, because it is obvious, as the hon. member for Christ Church East Central has said, that he believes it is necessary and desirable that a right of way be made available. I think, however, that in introducing this amendment the Hon. Minister had made some statements which gave rise to a query on the part of the hon. member for Christ Church West Central, and which I myself would like to draw to the Minister's attention.

I believe, Sir, that if and when the Minister looks at the transcript of what he actually said he would probably discover that he did not intend to say precisely what he said, because if what he said is now the position of the Government, I am sure that those of legal persuasion on that side would be convinced that there is a legal absurdity somewhere.

It seems to me, Mr. Speaker, that the principle behind the Tenancies Freehold Purchase Act is a principle which would be acceptable to almost every Barbadian of progressive bent. I cannot quarrel with the principle. I believe, however, as was said at that time when the Bill came before this Hon. House that there was a certain urgency attendant upon the Government at that time to see that that piece of legislation would pass this Hon. House before a particular time. I think that is only reasonable, Sir, bearing in mind that the Government did not have too much to show by way of accomplishment, all and every little bit that could be thrust in in the short time would be desirable. I think now that the election is over and the Government has achieved its aim, the time has come for the Government to take another look at the Act to examine it in a little more detail, because I fear that this is not the only amendment which will have to come down to this Hon. House arising out of that Act.

At the time the principal Act was passed I raised some questions as to the efficacy of the constitutional arrangements which were adumbrated to the passing of the Act, and I still remain unconvinced that the methodology used or recommended by the Attorney General's Chambers at that time, or maybe by the

Attorney General himself, was the proper methodology for the Government to achieve its aim. My being unconvinced is heightened by the statement made by the Minister. I believe that it is not my duty to try to instruct the Minister in the law, it is his duty however to seek clarification from the Attorney General's Chambers as to what precisely the Act is able to do, what precisely the proposed beneficiaries of the Act may look forward to, and what precisely is not possible under the laws of Barbados.

It is indicated in the principal Act, if memory serves me right, that there are certain restrictions. There would have to be certain restrictions, but you will remember, Sir, that a son or a daughter may very well be a tenant under the principal Act. It would seem that a person who is an old person living on property may not necessarily be the tenant for the purposes of this Act, but the old person's son or daughter or close relative becomes the tenant. What the Minister said was that so long as the title is acquired under the Act that the land is immediately transferable or disposable as the owner may see fit, the owner being he or she to whom the conveyance or the title has been given. That does not square with what is in the Act itself, and it does not square with statements made at the time the Act was introduced, and I am suggesting that the Government examine the Act, examine some of the anomalies which flow out of the Act, make a clear statement for the population so we all can be aware of what are the limitations, if any, of the Act.

Is it really true, Mr. Speaker, that so long as a person is an old age pensioner that that person may now look forward to receiving the lot free? I suspect that the Minister intended to say that in so far as the person is a tenant on Government land that the Government..... (Hon. DeL. O. BRADSHAW: I said that). Is that what you said? That is what he obviously intended to say, Sir, that so long as a person is a tenant on Government land, government had made a decision to grant those lands free. Now, I am not sure if he was saying it was the surveying which would be done freely, or whether the land would be given to the tenants, and I think the Minister owes it to us to explain in some detail what precisely he had in mind.

So far as the right of way is concerned, Sir, I am not certain that this amendment itself is going to provide the right of way in the terms which the Hon. Deputy Prime Minister indicated. I suspect that a reexamination of the Act would demonstrate that within a particular tenantry it will be entirely possible for a lot, given the way that plantation tenancies have been established in Barbados where people were allowed to site their small chattel houses on the rab land, or the useless land, given the way those tenancies grew up, Sir, I have a suspicion that what has been described as right of way there may

be some difficulty when it comes to be applied to tenancies as they now exist.

I also wish to suggest, Mr. Speaker, that the surveying capability of Barbados has not been demonstrated in a tenancy that is, I believe, owned by the Government at what used to be the Bay Land, I believe it is now Bayville. I recall vividly the hon. member for Christ Church East Central on more than one occasion pointing out how he thought that that tenancy in Bayville could be dealt with, it could be dealt with by the simple passing of a law, but the surveyors in Barbados have demonstrated that it is almost impossible over many years to get those plots in Bayville straightened out.

Now, Sir, I think it is not right that we ought to allow the population in the other tenancies in Barbados to feel that somewhere within the next year or two all of them, or most of them, or a great member of them will in fact have their plots all straightened out, etc. In the normal course of purchasing land in this country, Sir, it can take as much as five to seven months when all the persons concerned are operating expeditiously and, Sir, I make bold to say that the plantation tenancies are not likely to have the priority of urgent action from any of the Government Ministries far less from those ministries or that Ministry responsible for the surveying of those plots.

12.10 p.m.

In other words, what I am saying, Mr. Speaker, is this: the Act has been passed, it is part of the Laws, but there is no need to make politics of the situation at this point in time. There is more need to clarify and to ensure that the effect of the legislation is felt where it is intended for it to be felt rather than to give the population that we have made such great socialist strides that we are redistributing plantation land as a matter of urgency and with a certain amount of alacrity. I do not believe that to be the case, and I think the Minister owes it to us to tell us if it is not the case, or if it is the case explain it in a little more detail.

Mr. Speaker, there are some other anomalies in the Act and I am very certain that before this year is through, certainly before this Parliamentary Session is over we are going to be again passing legislation concerning amending this particular Act, and I still wish the Government would examine in a little more detail the constitutional considerations of the deprivation aspect of the Act because certain statements are being made and I am seeing certain statements which run counter to the Laws of Barbados as we understand them. I am not going to take the time of the House to go into great detail. If the Government wishes consultancy on this matter, they can deal with these matters outside of the House, but I think it is clear that the mere handing over of a key to

the odd pensioner here and there does not itself guarantee that literally hundreds of plots will be handed over in any immediate short term.

One last point, Mr. Speaker, what is the real position with the private tenancies? As you know, Sir, the tenancies that are included have to be attached to the schedule by I believe.....let me put it the other way because I see the hon. member shaking his head. As I understand it, the tenancy that does not appear on the schedule to the Act does not apply. There are a large number of private tenancies in Barbados that require even more urgent action than some of the Government tenancies. It would seem to me that the Bill therefore is deficient in achieving its over-all objective. The over-all objective as I understand it was that having contributed significantly to the development of the country, all of these poor persons who have made such a contribution ought to be capable of acquiring the plots which they had expeditiously, but as we have heard and as we can demonstrate there are a number of private tenancies on which the Act is silent. If it is not silent, it is unclear.

I believe that the Government ought to clarify the position as quickly as possible. There are some other matters relating to tenancies, but I believe I may stretch the patience of the Chair if I attempted to call them in. Even though they are relevant, it might be a little difficult to pin them on to this particular amendment, so I shall wait until the other amendments come down to deal with those matters at that time.

Hon. H. B. ST. JOHN: Mr. Speaker, I do not know if this is a point of order or elucidation, but I think that the last statement the hon. member made in the interest of clarity for everybody should be clarified. The Bill applies to all tenancies in Barbados, every tenancy, private or otherwise. The only distinction is that in respect of plantation tenancies there is a special pricing formula in respect of non-plantation tenancies. Each tenant has the option to purchase, but the pricing formula is different. The landlord has to sell but the price he gets is the open market price if he puts in the roads, water and light. If he does not put in the roads, water and light, a factor has to be used to discount the open market price. That particular pricing formula also needed a constitutional amendment, so it is not accurate to say that it does not apply to non-plantation tenancies. Every tenancy in Barbados with two or more houses it applies to.

Hon. H. deB. FORDE: Mr. Speaker, perhaps I should try to clarify some of the intentions behind the Bill and the amendment to the Bill, and to say, Mr. Speaker, that it was always envisaged certainly by the Government at the time that in the light of experience there may be the necessity from time to time to

modify the Freehold Tenancies Act as well as the Tenancies Development Act. It is obvious that the principle of the legislation is one which must be welcomed by any right-thinking person in Barbados, because it seeks to bring about a social revolution in the ownership of land in so far as that land consists of houseplots, and indeed it is a social revolution in an almost pervasive manner in so far as the land is a houseplot on a plantation tenantry.

There are two legal aspects of the Bill, Mr. Speaker, that I think one should underscore. One is that it is passed within the provisions of the Constitution to ensure that if a person has lived or is living on a plantation tenantry as set out in the Schedule to the Bill for five years or more, that person has a statutory right and option to purchase the house plot. That is in the Bill. Now, Sir, in a way it therefore means that the plantation can no longer convey that spot or sell that spot without allowing the plantation tenant to exercise the statutory right to purchase.

Now if the person purchases the lot, Mr. Speaker, the person cannot dispose of the lot within the period of five years without selling it back. They can leave it by will, but they cannot effect a sale of the lot in those circumstances. There is only one qualification to that statement and it is that the person can seek the permission of the magistrate to sell the land; so that the reason for the provisions was to prevent speculation and to ensure that the land resided for a period of time with people who had some entitlement to it, or because of their long association with it and the nature of the plantation tenantry. So there are built-in provisions to ensure the connections with the land, the land being conveyed cheaply, and at the same time that it was not being speculated with, and I think that this is part of the social developmental implications of the legislation which ought to be underscored.

Now the Act does not only affect plantation tenancies as set out here. It applies to all areas on which land is divided, sub-divided for the letting of sites for chattel houses to be used as dwellings, and it is whether the land is in the Crown, in a Statutory Board or any other person, but it does not apply if the land happens to be on a foreshore, on the seaside. The reason for this is that under existing legislation prior to this Act, Mr. Speaker, Parliament has said that only if there were five or more houseplots could a person not be moved off the land, that once a tenantry always a tenantry.

12.20 p.m.

There was a category of persons who were not five or more and the information then before the Ministry of Housing and Lands was that there were being mass removals of such persons and indeed you will recall,

Mr. Speaker, Sir, that just prior to 1976 the then Government, the present Opposition, had amended the Tenantry Control and Development Act to remove protection from Government's Statutory Authorities and the Crown, in particular, in relation to tenancies and at the same time, I believe, that the redefinition applied to five or more rather than the four or more, I think, that it was before and therefore you had some evidence in the Ministry of the need for legislation to give a security of tenure and an option to purchase to people who might be on other lands as house spots.

I want to underscore this, Sir, because, in my experience, so far they have been people who have what would be virtually a house spot but they were using it for the purpose of a shop, not for a living or dwelling place, and in some instances, for a church or something else, and they believed that because of this Act this would give them the automatic right of an option to purchase. That is not true at all. We sought mainly here to protect Barbadians in so far as they would have security of tenure with an option to purchase.

In relation to that second category of persons, it is not true that you cannot ever get them off the land provided if the circumstances so warrant. What you have to do is to offer them the land to purchase at the going market price which they may or may not accept. If they do not accept, then there is nothing to prevent the landowner from ejecting the person subject to proper notice. If, however, there are five or more tenants and they all do not accept, they can still remain as tenants under the general Legislation dealing with tenancies. I think that is quite clear in the Bill.

Now, Sir, it is obvious that this type of legislation, as has been the experience in other countries like Scotland and Australia, where legislation, not exactly identical but having some of the same purposes of this Bill which has been passed, that this sort of legislation goes through a process where it is modified from time to time in the light, particularly, of problems which may arise because it is difficult, as my friend the hon. member for St. Michael South West would admit, to anticipate every legal difficulty which would occur particularly when you are dealing in a novel situation.

What I can say is that the legislation has been welcomed by other Commonwealth countries who have been asking their Governments certainly in my time and I am sure the Minister will confirm that since he has taken over the Ministry for this legislation, as a model which they can follow for developmental purposes in their area to give security of tenure to tenants and to this extent I think that the Barbados Legislation has blazed the trail.

I believe that now that the immediate Election is out of the way that both sides of the House will acknow-

ledge the social importance of this bit of legislation and that both sides of the House should be anxious to see that it is improved and that it works properly.

I know that during the Election one member of the Democratic Labour Party, Mr. Vernon Smith, went around saying that it was not proper, that they did not want this Act, that it was not useful and that it made people spend a lot of money. I do not believe that he was in tune with the views of the hon. member for St. Michael South West but these things happen. I do not even believe that he represented the views of the Democratic Labour Party on this issue because I would be surprised if a Party that had passed the Tenantry Control Development Act would find itself criticising this Act and not accepting the principle of the Act and I always found his speeches, those that I listened to and the others that I heard on tape, rather strange on this point and I wondered how much he knew of what was really happening on the inside of his Party on instances such as this but these things happen, Sir. You will not always find an identity of view in instances such as this.

It is good legislation. The principle of the Bill is correct and in my view the legislation is good legislation and we must make it work. That is why I welcome the Minister's amendment because, obviously, we have found that on some plantations because of the statutory form of the Conveyance as it is drafted, there were difficulties over various rights of way and easements and it is necessary, therefore, to stipulate in the Conveyance that a right of way could be granted so that they could be ingress and egress from the plantation tenancies.

There will be other difficulties that the Minister from time to time should deal with and the Government should have no fear in coming to the House to amend legislation such as this so that it can work properly that it is doing something wrong or something that it must be afraid of or something that is unpopular.

In my view any constructive criticism, from whatever quarter it comes, should be welcomed by the Government in relation to this bit of legislation and should be examined for its value and if it can be improved, by an Act, it should be welcomed.

Now, let me say that it was never envisaged that the moment the Act was passed that everybody was going to run and say they wanted a bit of land. I think the Minister is absolutely right. There is still a public relation job for a start to be done because people are sometimes not aware of their rights and sometimes those people who are aware of what they think are their rights do not really know what their rights are.

I am sure the hon. member who is now a Lecturer in Law would agree with me quite readily on that. I hear

some strange rights being enunciated as fundamental rights including the right to squat on other people's property as you like and saying that you have the right to be there regardless of what is the right of the other person. I think that we are getting to the stage where people are getting a little bit confused about what we mean when we talk about fundamental rights but it would be helpful, in this context, if the brochure which was so well prepared by the Ministry could be circulated more widely, if it has not been done, and perhaps the Minister may consider allowing the Planning Unit in the Ministry of Housing and Lands as they did leading up to the original preparation of this Bill, could go again to the plantations and take around to the tenants the particular brochure which they have explaining their rights and their obligations under the Bill and for those who want to purchase the lot to allow them to do so.

Now, Sir, before this Bill is passed, they had been consultation with the Surveyors. It must not be felt that the Government just went helter-skelter to bring legislation before the House. In fact, the idea was and it has not been ruled out by this — I mean, the surveyors, I am sure, must have drawn to the Ministry's attention the problems over rights of way.

We have always found the Barbados Surveyors' Association very helpful. Indeed in the Land Surveyors' Association we did legislation for them in which they gave us maximum assistance, legislation in 1981 I think it was or 1980 dealing with the land boundaries, etc. and on this particular point I have no doubt that they will be equally helpful but we can only do X number of jobs per year. We are limited in human resources here. I doubt whether there are 30 Surveyors. I do not think there are as many as those.

I am sure the hon. member for St. Philip North will tell you but even if they work 24 hours a day, they could not finish all of these plots in the time since this legislation was passed and although we recognise that we can convey in Barbados by description of words and geographical location of the plot.

12.30 p.m.

It is not necessarily the ideal situation, particularly, Mr. Speaker, if we are moving to a position where we want compulsory — we want registered title with a plan and I believe that the best advice is that we should try to have registration of land, compulsory registration of land with registered title as the aim in Barbados. We have been achieving some of it, by means of the foreclosure action, where people foreclose, get a good title and surveyor's plot. This also provides another opportunity to get the surveyor together with the Government and the tenants and owners to have a proper set of plans available and it will take time to do.

Now, Sir, there has been some talk that the tenancies need development. The Government, when this Bill was passed, recognised that Mr. Speaker, Sir, and I would like to remind the Honourable House that there are two Bills. There is the Tenancies Freehold Purchase Act and there is the Tenancies Development Act. Now, the purpose of the development Act was to give the Government the opportunity to plan tenancies, not only the plantation tenancies, but plan as well for the redevelopment of the private tenancies of which my friend from St. Michael South West has spoken. In fact, within his constituency, he has that big tenantry, Hanschell tenantry or Eagle Hall tenantry which needs redevelopment. There are serious problems in some of the tenancies.

My own constituency in Medford Land, some of the house spots are too small. It is obvious that we have to put roads in to upgrade the facilities. Now, the minimum size of a lot being recommended is something like 3 600 square feet, I am not sure — (ASIDES) 2 500, Sorry — I am not sure what is the meters. 2 400, 2 500, I am told, Sir. But there are several house spots in some of the private tenancies, as well as, the plantation tenancies in which there is not enough space, not the minimum space and it is obvious that Government must direct its attention towards redeveloping those tenancies without displacement of persons, by giving them house spots on which to go.

Now, Sir, I am conscious and know, and I am sure the Honourable Minister perhaps did not want on the Bill to reveal the whole of his plans and what he is doing, but I know that within the Government and within the Ministry of Housing, approaches have been made to both the Caribbean Development Bank and the World Bank, at the time, preliminary discussions, for what is called a sites and services programme. Mr. Speaker, you would know very well what a sites and services programme is. It is a programme by which the Government acquires an area of land, or even without acquiring the area of land, it goes in and it puts down the road, the water, the other utilities and it then, of course, makes the sites and services available either as house spots, or for developmental purposes. The Government, out of its own resources, has been doing some of this in Parish Land. In my constituency, the Government has done some of it, in Clapham Park and that development itself is seen there.

I began, certainly — when I was doing Foreign Affairs — discussions with Mr. Drake, who is Barbados' representative on the World Bank, about a major project to be funded by overseas and regional services for such a programme and I understood, from the Honourable Minister, in talking to him, only a few days ago that he has been following through on this and indeed, he has widened the concept, where on Government's existing lands even out of his resources, he is hoping readily to

go forward with this. So, it is not only the plantation tenancies that the Government already has started work on, but, it is the other tenancies as well.

I only have one begging to give the Honourable Minister, now that I am not — although I am *intra parietes* in this setting, I am no longer *intra parietes* the Cabinet, Sir, being a backbencher, so I have to state my requests of my constituents like anybody else, Mr. Speaker, Sir and in your case, I can even argue your case along with mine, here, Sir. So, I want to say to the Honourable Minister, do not forget me as well, up there, Sir. It is always assumed that Christ Church West and I believe my friend, the Honourable Member for St. Michael South West, he is not here now, Sir, but I believe he made a speech and I think the Honourable Member for St. Philip South sometimes thinks so, that Christ Church only consists of Hastings, Worthing, Worthing Main Road and Blue Waters. They do not remember, Sir, that I have some of the most undeveloped areas in my constituency — Sir, I see the Honourable Minister of Labour shaking his head, Sir. I believe that I know more about his constituency, Sir, than he knows about mine — I will tell you why, Sir.

I have to convince my colleagues in the Cabinet before we did the Bonnett's development, that in Bonnetts, 54% of the houses did not in 1976 have pipe bearing water, and they had no water facilities and they had very bad facilities for public health. There were some without electricity, Sir. I am talking about this development, Sir. The present Honourable Minister of Parliamentary Affairs and myself visited the area and had a survey done and found that everything that I said was true and the statistics proved it. That is only one part, Sir. In Dayrells Road where we all speak, Mr. Speaker, Sir, in the tenantry, the Medford Land tenantry, you would see the crowded conditions there and I know that the Honourable Minister knows, because we have already done a survey on the Medford Land tenantry. I am only reminding him, Sir, to put me in that early not late, Sir. I do not want mine done in 1986, I want mine done now, Sir, because mine is deserving of this sort of treatment.

I would use the opportunity here to remind him that Medford's tenantry needs this assistance and furthermore, Sir, he may not be aware of it, I have only recently had responsibility for Amity Lodge, but, between Brewster's Road and Amity Lodge main road — again, Honourable Members would be surprised at this — we have an area in which they are no roads at all. The first — time and very crowded, people live in cheek and jowl — the first time that they had lights, any sort of street lights down there was since the change in the electoral boundaries since February 1st, when I was beginning to canvass that constituency, when I recognised that it was coming to me, as part of my constituency, Sir.

I hear Mr. Peter Morgan usually writes all sorts of things. He represented that area you know, and he left the Honourable House without even getting any roads up there, Sir, I see him canvassing when the time comes. Obviously, I had no difficulty in dealing with him in that area, Sir. I only reminded the people. There are a few roads on the other side when I believe my colleague, Mr. Ward made some representations at. But, Honourable Members would be surprised that you could come up Hastings, and go up Rendezvous Hill and Amity Lodge and you are in a middle class area and right in the midst of this, you have conditions, the like of which there is worse, than even in my friend's from St. Michael West constituency in Eagle Hall, Sir. Some of it as well, Sir. His roads — He had what used to be a road. I, Sir, never had an area that was not a road at all, Sir. — But Eagle Hall, in my view, needs attending to seriously. I know that he has said it himself. I am even worse than Eagle Hall in that Amity Lodge area and, therefore, I hope that this amendment with a right of way, Mr. Speaker, and within the intricacies of the Bill, Sir, we need rights of way, Sir, in that area in order to get into the houses, in order to get in the basic services. Since it is a tenantry, I am asking the Honourable Minister early, Sir, to give me a little bit of his time and attention and what is more important to give directions, so that these two areas in particular will be attended to, under the aegis of this Bill and its companion Bill, as soon as possible, Sir.

So that, if I may sum up them, Sir. (1) the principle of this legislation, the particular amendment is quite correct. It is a correcting device and measure. (2) the principle of the main Bill, which it seeks to amend is one that is welcomed by both Sides of the Honourable House and we hope it will not be controversial in the future. (3) I recognise that the Government is already aware of some of the problems that have been adumbrated here and that the Government which I commend on this point, Sir, is dealing with it, and I commend the Honourable Minister for following the policy which was set by his predecessor in office, Sir. So let us give the Government that. (4) Sir, we welcome any constructive criticisms which have been made by the Honourable Members who have spoken from the Other Side, and we look forward to their wholehearted support in dealing with this matter in a nonpartisan manner to ensure that people will come forward, those in their areas as well, in order to get this Bill and its provisions implemented in as short a space of time as possible.

12.40 p.m.

I hope that both the lawyers and the surveyors will give some assistance to these principles which, let us admit, Sir, are part of the democratic socialist tradition of the Barbados Labour Party.

Mr. SANDIFORD: Mr. Speaker, I will not be very long on this. This Bill that we are dealing with to amend

the Tenancies Freehold Purchase Act, we are not at this stage really dealing with the principles of the Bill because this is an amendment to the main Act, but quite some time ago the Government agreed that certain of its tenants through the National Housing Corporation would be given the option of purchasing the land on which they were living. I refer particularly to the constituency which I represent and to the area known as Bayville, and in spite of the best efforts that have been made, to this day apparently the problems relating to the handing over through freehold ownership of the lots in Bayville have not yet been completed.

I am wondering if the Minister could make a statement on the particular problems involved, because it is really holding up development. A little later in this Session I intend to deal more substantively with this particular matter, because it is one that is really too long outstanding, and I would be glad if the Minister is able to make some statement on the problems or if he will give an assurance if he does not have the information to hand, if he would indicate that in a short time he might be in a position to make some statement in regard. I am not really pressing him now for a statement if he does not have the information to hand, but I would be glad if he would make some comment and give some assurance that the matter is receiving attention.

Mr. BRATHWAITE: Mr. Speaker, I am very happy to stand here and say a few words on behalf of this Bill. I would say that it is one of the best pieces of legislation to come to this Parliament for the last century. Whenever you talk about tenancies you really touch my blood, because in the parish from which I come I believe there is a fair amount of tenancies.

This Bill to amend the Tenancies Freehold Act is for the purpose of permitting the landlord to reserve a right of way over the land conveyed. This really soothes my heart, because I know we had a piece of road in the parish of St. Lucy now for the last 15 years appealing year after year to all Governments to acquire, and we are getting quite a lot of problems with the landlord in that area. I am sure that with this Bill we will remove all of those obstacles that when we have such problems we will be able to solve them. I am sure that we all know that today is World Food Day and that acres of land are in St. Lucy which people would like to have ploughed to work and they cannot get in, because you know in the old time days when land was cut up, they always left a neck inside and there was no roadway to get out, but I am sure that a Bill such as this would ease quite a lot of people.

I would like also to appeal to the Hon. Minister to do a public relations exercise as far as the private tenancies are concerned, because I remember approximately six years ago a gentleman had a tenantry

with as much as 28 houses, he put one person in court and got judgment, and the person had to move his house. We all know that if you have five houses or more it becomes a tenantry and that it is against the law to move a person, but here it is that gentleman took the lady to court and she had to move.

As the last speaker said, there are a lot of people who do not know their rights and that is why I would appeal to the Minister to do all in his power to prevent the poor people there from having to go to the law courts, because most of the owners have money that they can afford to pay, but there are some poor people who cannot pay. If they are given notice, instead of enquiring from a lawyer what they should do, the first thing they do is to call a carpenter and move the house. I am sure that the Minister will do all in his power and that more of us in Barbados will know our rights. Thank you, Sir.

Hon. DeL. O. BRADSHAW: Mr. Speaker, a number of points were raised during the course of this debate and I want to reply first of all to two hon. members from the opposite side, the member for Christ Church West Central and the hon. member for St. Michael West. Obviously when I introduced this Bill those two hon. members were not listening attentively. I am not prepared to say what they were doing, but they did not reflect what I said, because I have a transcript of what was actually said by me and nowhere can I find or interpret what I said then to mean what was interpreted by the hon. members.

Mr. Speaker, I crave your indulgence to read what I did say for clarification, Sir. I said:

"I would like to clear a misunderstanding which circled during the past General Election campaign, to the effect that those persons who were to receive their lots, especially the old age pensioners, were not allowed to hand over those lot plans to their successors. This, Mr. Speaker, is not true, it is totally false, and so long as the lot plans or the conveyances are handed over to them they are free to dispose of them in any manner they like. The lot plans or conveyances are in their hands and they will not be taken back by this Government, so I wanted to clear that particular rumour up."

Mr. Speaker, I stand by what I said then, because I understand the Act and I do not need any legal brain from over there to advise me as to how I should interpret the Act. It is simple, if you have common sense, basic common sense and you can read basic English language, you can interpret it. Even the legal men have difficulty in interpreting a simple phrase or a simple sentence, so I do not want him to advise me on anything.

I am aware that under section 18(1) and (2) there is provision which makes it impossible for the tenant to

dispose of his lot under five years, but at the same time under section 18(2) it also makes provision for the tenant to be able to dispose of that lot, provided he can put a case which is acceptable by the Magistrate during the first five years.

12.50 p.m.

So you can dispose of your lot during the five years although there is a law which provides for disposal under section 18(1). The point I was trying to make and did make on that occasion, Mr. Speaker, is that Government is handing over the lots to their tenants, those who live on Government lands, free of cost, and during the general election campaign, it was said on the platform of the Democratic Labour Party that the Barbados Labour Party was fooling people, — I heard it myself — and that as soon as the lots were given to the people, if they died the plans or the conveyances would be taken back by the Government. That is the point I was trying to make and I was giving the lie to that situation, Mr. Speaker. So I hope the hon. member understands that I was replying to a statement that was made by his party on a political platform during the week of the election campaign. I do not think that on reflection they really meant ill, but I really wanted to clear that point up.

Now, Mr. Speaker, there are a number of interesting points that were made. Government had a responsibility in the whole exercise under the Tenancies Freehold Purchase Act. Government is supposed to monitor, give advice freely to tenants and landlords alike as to their rights or even trying to explain or interpret the Act. So we have got a sort of liaising function to perform in the whole exercise, and wherever possible my Ministry will be doing just this. The Department in my Ministry is doing just that. We also put the Bill for surveying services. If a landlord applies to the Ministry for surveyors or even to defray the cost of surveying, then that cost is met by the Ministry.

I have had requests from some very large landlords, Mr. Speaker, who in order to expedite the transfer of these lots have put a very good case to my Ministry requesting a remittance of the fees to their surveyors, and this has found favour with me, and I think this goes to show the goodwill and the sort of liaison that is continuing between landlords and the Ministry. So our responsibility will in no way be abdicated. We are mindful of our responsibility and in every way we will try to make sure that both the tenants and the landlords understand their responsibility and their rights as far as the Act is concerned.

Now a question was raised by the hon. member for St. Philip North, that of orderly development. I think the point is a very valid point and it has a lot of substance in it. I do not want to repeat what the hon.

member for Christ Church West has said in respect of the Tenancies Development Act which should go alongside or should be taken together with the Tenancies Freehold Purchase Act. That makes provision for orderly development. There have been some landlords who have approached the Ministry and discussed the question of orderly development, but there are also problems about that situation, because you can find in trying to effect the orderly development of a plantation tenantry that some of the tenants are forced to move from the spots which they feel they have a right to own and to remain on, and in that case we have to approach it with some bit of caution. Every bit of public relations has to take place and we have to monitor the situation to see that the tenant is in no way losing his right under the Act. So while there is some good reason or valid case to be made out for orderly development, we have got to understand that there are some landlords who in their quests to effect development will ride roughshod over the democratic rights of the tenant and so try to develop in such a way that it would realign them to give them the worse part of the land or the lots that they have available. That situation will be monitored, and once it has been brought to my attention, I will ensure that the tenants are given a very fair deal under that.

Now, Mr. Speaker, there is a question of the non-plantation tenancies. All of them are covered as was fully explained by the Deputy Prime Minister, and so I do not need to explain that any further. I should like to assure the hon. member for St. Michael West. He did say, and I quote, "that plantation tenancies are not likely to have the urgency of attention from the Ministry." That is not altogether true. As a matter of fact, there is no substance in that because we are looking at ways and means and looking at every possible case whether it is government-owned or whether it is privately owned. We are looking at all developments as long as they come within the ambit of this particular Act.

Now there has been a problem raised by the hon. member. He mentioned the long-standing problem of people acquiring their lots. This has always been a problem. You must understand, as I said when I introduced the second reading of this Bill, that surveying is a prerequisite and we have got a limited number of surveyors. They are under tremendous strain. The hon. member for St. Philip North is well aware of this, and that is one of the main reasons why the Bay Estate and other estates have been surveyed and the lot plans have not been speeded up or given to the people. There has been a problem. Surveyors are hard to come by, but we have been working with the Land Surveyors Association, asking them to supply us. We have had four of them who have voluntarily given of their service and we are grateful to them, and I want to take this

opportunity to express my profound thanks and gratitude to them for having assisted us. The surveyors that we have are inadequate, but here again it is a question of having an adequate number of surveyors to deal with so vast a problem. With over 4,000 applications I am sure it will take some time, but I am hopeful that these problems will be resolved.

With the Bay Estate, here again I am also aware that in the early 1970s under the then Government a survey was conducted in that estate as in other estates, but there is a problem with some of the sizes and what constituted a lot according to the Chief Town Planner. My understanding is that 2,400 square feet constitute a lot, and where it is smaller than that as in the case of the Bay Land and in other areas where the houses are located on smaller lots, then there is a problem as to how best you can resolve that and the problem rests in that area. Now it was a question of re-aligning and resiting the people in order to accommodate them on what qualifies as a lot according to the Chief Town Planner. So we are trying our best to see how best we can resolve this situation. It is a question here again of having the number of surveyors to do the surveys on these estates. As I said, the money or the salary that we have offered them is not really attractive enough. We have to face up to it. To get professional services in these areas, we have to go outside of what is normal Government salaries, and that has been an age long problem, since a number of people have not found the Government salaries attractive enough to come into the Service, but I will make it a point of policy to see that the National Housing Corporation which does the bulk of this work and which has a number of estates to survey yet does everything to attract a couple more surveyors. I think that is the problem and I am going to face up squarely to it.

The hon. member for Christ Church West is reminding me of Redmans Land and Amity Lodge. I am mindful of these problems, but as I said, we have to be realistic. 1.00 p.m.

There is the Waterford Housing area. There is the Pinelands Housing area and the Bayland and there are other Housing areas that I am mindful of that need surveying and services but until we get those surveying services and until we get the surveyors, we will not be able to move on as quickly as one would wish.

Mr. Speaker, Sir, I just want to let hon. members know that the Government also, not only has it passed this Act, but it has made provision for loans. Those tenants who are unable to find the purchase money, there is already a Fund set up, it is now currently being dealt with and it will be administered by the Barbados Development Bank.

We are going further than that because we feel that some of these people who would opt to purchase would generally be unable to find the money to purchase and we have made provisions to make funds available through the Barbados National Bank which would help them or assist then in purchasing the lots and not only that, but in order to develop their homes, that point has got to be made clear so we warmly believe in the ownership and we are satisfied that when we make available these funds through the Barbados National Bank that lots of people will take advantage of that.

We are prepared to develop the housing stock, make it more attractive to meet the challenge ahead of us and that is why we have instituted this fund. So, Mr. Speaker, there are not any other matters that I think or other questions that were posed. I think that I have dealt with all those that needed addressing on this particular occasion.

Mr. Speaker, Sir, as I said before, I think that all hon. members, especially hon. members on the Other Side, should now be fully aware as to what I said when I introduced the Bill on the second reading and there should not be any misinterpretation or any problem in understanding what I said or what all hon. members who were present and having their ears well pricked would have understood my statement to have meant.

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

On motion of Hon. DeL. BRADSHAW, seconded by Mr. ODLE, Mr. SPEAKER left the Chair and the House went into Committee, Mr. ODLE in the Chair.

Mr. CHAIRMAN: The House is in Committee.

Clause 1 was called and passed.

Clause 2 was called.

Mr. FRANKLIN: Mr. Chairman, I would just like to inquire of the Minister of the approximate size of the right of way that they are going to reserve since it is not written here. It just says "reserving unto himself and to any other tenant of the vendor a right of way — metres wide over the land".

Hon. DeL. BRADSHAW: In response to your query I think that this has been left this way because the width of the land will vary according to the tenantry or the development. There is no standard width.

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

On motion of Hon. DeL. BRADSHAW, seconded by Mr. R. BRATHWAITE, Mr. CHAIRMAN reported

the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On separate motions of Hon. DeL. BRADSHAW seconded by Mr. R. BRATHWAITE the Bill was read a third time and passed.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, Item No. 5.

Mr. SPEAKER: Item No. 5.

DUTIES, TAXES AND OTHER PAYMENTS (EXEMPTION) ACT, 1981

Item No. 5 was called — To move the Second Reading of a Bill to provide for the exemption from payment of taxes and duties and other moneys by certain persons, businesses or undertakings.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, in accordance with the number of Loan Agreements, the Consultants, contractors and others who provide services are entitled to exemption from taxes and hitherto it was the practice of both this administration and the previous administration to bring separate Bills in Parliament to exempt the categories of persons who were entitled to exemption for specific projects.

If you go through the Statute Books in Barbados, you will see like when the Deep Water Harbour was built, there would be Deep Water Harbour Exemption from Tax Act in a Schedule set out, because of the different variety of Loan Agreements now and the multiplicity of sources like the World Bank, the American Development Bank and the European Development Fund chiefly.

In addition to certain Government Agreements, like when we built the Airport the Government of Canada and the Government of Barbados entered into an Agreement with Consulting Services and things of that sort and it was drawn to the attention of Cabinet that a comprehensive Bill should be passed whereby provision would be made for the Minister of Finance in pursuit of these Agreements to grant exemptions but to safeguard Parliament's interest in it, the Bill is drawn that the Minister of Finance is empowered by subsidiary legislation to make orders exempting specific categories of people from specific taxes but before that comes into force subsidiary legislation has to come into the House and is subject to a negative Resolution.

1.10 p.m.

This is purely machinery to prevent the Statute Law of Barbados, the main body of Statute Law, from being completely clogged up with a series of specific two Clauses Acts and that is the object of this legislation. The Orders have to be made, just as we make Orders now, under the terms of the Customs Act granting duty free

tax exemption. The Honourable Minister of Finance having improved them on representations of the Trade Incentives Committee, the Order has to come, it comes as a document, notice has to be given of it, it is laid on the table of the Honourable House. That is the rationale for this Bill.

We have a number of agreements now, that provide for this, according to the terms of the Loan Agreement and I can think of projects like the Oistin Project, part of which is EDF financed. When the contractor brings in his equipment, you cannot charge him duty on the equipment. An Order has to be made in accordance with the Loan Agreement and if we do not have this Bill, we would have to bring a specific Bill. That is the rationale, object of this Bill. So that, Parliament's interest in this matter is protected and it is purely a question of machinery.

I beg to move, Sir, that this Bill be now read a Second time.

Hon. L. S. CRAIG: I beg to second that.

Mr. SPEAKER: The question is that this.....

Hon. H. deB. FORDE: Mr. Speaker, Sir, before the Bill is passed, I wonder if the Honourable Minister would advert to the necessity to look at legislation to deal with certain other non-governmental organisations which have headquartered in Barbados and which need, although they are not governmental in character, some exemption from some areas in tax. I speak in particular of non governmental organisations, such as the Caribbean Credit Union, the Regional Trade Union, as well as, the Caribbean Association of Industry and Commerce.

I believe also, that if Barbados is to become a centre for attracting headquarters for service companies that the Government will have to give urgent consideration to permitting these companies to write off a higher percentage of their regional expenses, against the income which is brought into Barbados. For, Mr. Speaker, you could well find a situation where a company is employing in Barbados something like 50 to 100 people in its regional head office and where the income generated is accruing perhaps, 80% from outside of Barbados, but it is coming to Barbados, and yet, the company is not allowed to write off as against its taxes, the relevant amount of expenses fully incurred outside, in proportion to the revenue which is generated outside.

It seems to me that we must be a little bit more daring in the approach which we take in taxation matters in this area. It is not a question of exempting a particular person, it is the principle of the thing. If one looks at the United Kingdom legislation, and the legislation of some others, such as Switzerland, you

would find that the service and headquartered companies are treated in such a way, as to attract them to their countries.

Now, Barbados is in a realm of competition with areas such as Miami, Puerto Rico, Cayman Islands, Bahamas and a few other countries. But, more recently, with Miami which has begun to attract to Miami certain headquartered organisations and if we are to continue to generate a level of business and opportunities in business for this type of situation then, I believe that the Government must deal with the matter quickly and speedily, particularly, if we wish to keep here, some of the existing, non governmental, regional organisations that we have attracted and some of the existing commercial companies as well.

Let me just say this, that Barbados has a lot of things going for it. We sometimes tend to run down our country, sometimes wittingly, sometimes unwittingly and at other times constructively. But, we have going for it that basically, this is a country that is politically stable. We have had now between the 1950s and 1980s, transfer of power from both political parties being smoothly effected without the dire prediction that we have heard predicted occasionally, by both political parties of mayhem taking hold. That is usually the pejorative language used by politicians, at the time of elections and in search of power. We have had the position where, the democratic process has worked, and continues to work in Barbados and given the sensible approach of both political parties will continue to work because we both have a vested interest in seeing that democracy, as we understand it in Barbados becomes the norm not only of Barbados, but becomes the norm of the Caribbean as well including the Eastern Caribbean, including Guyana and including Grenada.

Instability on our borders will do our economy a tremendous amount of harm and it is not in the interest of this country, if we are to continue to attract investment and to attract the type of organisations to which this Bill refers that we should shun our fair duty in making sure that stability exists within and outside of our immediate borders.

We have going for us, too, that we are a literate country and I think the high standard of our literacy and the basically reasonably high standard of our social and other services, public utilities, commend us as an area to which service companies, headquarters and other regional organisations will be attracted and the Government has an obligation to create the tax framework, not in which we are discriminating widely against persons, but in which we recognise our need to keep a high level of economic activity and a high level of investment in Barbados without undermining, of course, our basic tax structure, *vis a vis* citizens, and

without forgetting that those visitors who come within our borders are also sharing in the improvement of Barbados as a whole, and it is this that I would like to stress to the Honourable Minister, Sir.

Recently, we hear all the negative things that are wrong with Barbados. You hear the negative things the moment that you have a slight recession in the world which affects us. You hear how bad our tourism is, you hear how bad our people are, all sorts of views on this. Of course, every little incident is made as though it is a big thing, as though the Barbadian has no perception of the trends in economic world affairs or no perception of the problems confronting other areas. Whilst it is good for us not to hide these things, to discuss them constructively, I think sometimes, we do ourselves more damage when we continue to run ourselves down, without recognising that we also have tremendous things going for us.

1.20 p.m.

Whilst I join with those who would like to see an improvement in the quality of life, and who speak out against some of the things that are going wrong in the community as a whole, and I do not for one moment accept that some of the present social ills must be heaped on the heads of politicians. I believe that a lot of the country is becoming too prone to look to the politician and the political party to provide all the answers whilst they themselves hide from their obvious obligations as parents and as citizens in dealing with the problem, be it litter, be it whatever it is, Sir. These can affect our economic standard and can affect even the validity of an Act such as this in a manner in which we attract people and attract investment here. But they are matters which should be dealt with by the country as a whole, and we do this country no good if we do not say to the people that there are many respects in which a section of Barbados is letting down Barbados and they are trying to find an excuse and a scapegoat by blaming politicians and other people for it. It must be a conjoint community effort, Sir, and I hope that we will preach this from the roof tops day in and day out and do not pretend that there is any short cut to economic development for Barbados. It can only be by hard work, rededication to the task, every man and woman pulling his or her part of the load, getting to work on time, giving a proper day's work, stop cheating Government revenue, that sort of thing. Stop littering the streets and that sort of things, and in the circumstances we will continue to carry the economic stability which will mean that we will attract in companies, organisations from overseas, Mr. Speaker, to ensure that this type of Bill has real meaning and validity within the context in which it has come to Parliament.

Hon. H. B. St. JOHN: Mr. Speaker, representations have been made particularly by regional organisations to

the Government in respect of the treatment of them on the same basis as CDB and others like the Regional Trade Union, the Regional Credit Union League, the Caribbean Association of Industry and Commerce, and the Government has always rejected this on the ground that before this can be implemented, a thorough study has to be made as to the implications of this.

With respect to the headquarter companies, that is a matter for the Income Tax Act. The distribution of expenses which is possible to be allowed as a deduction from your chargeable income is a matter that the existing Income Tax Act deals with. The structure of the Income Tax Act was created about 1968. We had certain amendments to it, we followed then the Canadian Act at that particular time, we moved away from the English system and we moved into the Canadian system, and it is clear that the whole of the Caribbean has changed greatly since then, and what in those days would have been regarded as the exclusive preserve of large metropolitan countries, has now become possible, those types of activities have now become possible, such as headquarters and regional activities and regional management companies, have now become possible in the Caribbean. I am aware of it, but we will have to have a thorough study of the cost implications of that and the prospective benefits of that before we make a decision on a generalised provision. The law has already been amended in respect of certain categories of economic activity and there are more generous deductions allowed not only to the companies but also to individuals who are here working temporarily with those companies.

We have other organisations here who do engineering services from Barbados, and it is necessary for them to give a high quality service to have certain testing machinery, and on a day to day basis, on an individual basis, provided a good case can be justified for it, certain provisions under specific Acts are made for relief to be granted under those Acts.

So I will draw to the Minister of Finance's attention the matter raised by the hon. member, but I cannot promise it is a matter that can be dealt with in a hurry, because before one can deal with this there has to be a very special and in-depth study.

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

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

On the motion of Hon. H. B. St. JOHN, seconded by Hon. L. S. CRAIG, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. ODLE in the Chair.

Clauses 1 to 4 inclusive were called and passed.

Hon. H. B. St. JOHN: I beg to move, Sir, that you do now report to His Honour the Speaker the passing of this Bill in Committee.

Hon. L. S. CRAIG: I beg to second that.

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

Hon. H. B. St. JOHN: Before His Honour comes, Sir, I am told that there is a printing error apparent on the face, Sir, so I beg to move that clause 2 be re-committed before His Honour comes. It has been drawn to my attention that the printed Bill as circulated is slightly different in that there is a printing error on it.
1.30 p.m.

I beg to move that Clause 2 be re-committed.

Hon. L. S. CRAIG: I beg to second that.

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

Clause 2 was recalled.

Hon. H. B. ST. JOHN: Mr. Chairman, I beg to move that in Clause 2 a comma be inserted after the word "duty" in line 2 thereof. I beg to move that Clause 2 as amended stand part.

Hon. L. S. CRAIG: I beg to second that.

Mr. GREAVES: Mr. Chairman, as Clause 2 is re-committed, it escaped me just now that I really wanted an explanation as to why income tax and national insurance contributions are included, because I would imagine that national insurance contributions would be paid by these companies. I do not understand the reasons why income tax should be included there. Maybe there is an explanation I do not know.

Hon. H. B. ST. JOHN: There is no problem in that. Under the terms of the agreements for financing, a regular formulation in the agreements is that the Government undertakes that contractors and consultants engaged for the performance of these contracts shall be exempt from any taxes and duties of whatever kind. That is the normal standard clause because you have double taxation agreements and double taxation agreements say, for instance, with Canada or others that in respect of these specific projects that that tax goes to the Canadian Government for their nationals. In respect of the national insurance contributions, it would really be robbing these people that they would have to pay national insurance contributions, their salaries, because they would never be

eligible unless they had repeated jobs in Barbados to pay in the fund for the requisite period of time to qualify even for a minimum pension. This does not apply to our citizens and our nationals. It is they. It is like our staff overseas. They do not pay national insurance contributions to the Canadian funds. We are now trying to get an agreement within the Commonwealth where among the diplomatic staff and support staff they are allowed to contribute into the particular fund, and when the pension fund comes you would pay a proportionate part like under the old colonial pensions Act. But this does not mean that a contractor who comes here and has Barbadian labour does not have to pay in respect of that labour. It is only in respect of those people who are themselves exempt by the loan agreement. It does not apply to supervisors; it goes with the principals and so on. (Mr. GREAVES: The Act is too wide.) You cannot do anything because you have to bring it on the Table of the House. That is the formulation I told you about which is the modern form of loan agreements where duties and taxes of no kind whatsoever are paid. I am not saying that you do not sometimes get problems. You got problems with the baggage tax and all that kind of stuff. Now we have reformed that, but these are known taxes.

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

The question that His Honour do now report the passing of one Bill in Committee with amendment was put and resolved in the affirmative without division, and Mr. SPEAKER resumed the Chair and reported accordingly.

On separate motions of Hon. H. B. ST. JOHN, seconded by Hon. L. S. CRAIG, the Bill was read a third time and passed.

Hon. L. S. CRAIG: Mr. Speaker, last Tuesday, I drew to Your Honour's attention that I was seeking the leave of the House to have these matters dealt with in all their stages, and if I am not mistaken there was no disagreement to it. The Bill which I propose to do has now been circulated. There are two items and I propose to deal with this matter at this point in time. I hope that hon. members on the other side would have had ample time to examine this and have themselves well prepared to deal with this matter today, which is a Bill to amend the Special Loans Act, Cap. 105 in order to increase the amount of money that may be raised by way of loans under that Act.

I am seeking leave to deal with this matter in all its stages.

Mr. SPEAKER: The hon. member is seeking leave of the House to deal with this matter in all its stages, and unless there is any objection, leave will be granted.

There being no objection, leave is granted. The hon. member may proceed.

THE SPECIAL LOANS (AMENDMENT) ACT, 1981

Mr. SPEAKER: This Order stands in the name of the Hon. Leader of the House to move the second reading of a Bill to amend the Special Loans Act, Cap. 105.

Hon. H. B. ST. JOHN: Mr. Speaker, not so long ago this Hon. Chamber had a full debate on financial matters which were introduced by the Government to deal with the situation which has arisen within the public financing programme in this current financial year. At that time it was pointed out that the capital development programme of Government was a very large and ambitious programme and it envisaged a budgeted expenditure on capital account of some \$200 million. The Minister of Finance pointed out that consequent upon the implementation of the salary increases last year, the Public Sector Wage Bill had increased and that the regrading exercise which was also lately approved by this Honourable House and the negotiations which are going along in respect of the payments of revised monetary sums for allowances in the Prisons Department which this Honourable House has approved and those that would be coming before the House in the course of this financial year in respect of the police services would also come before Parliament.
1.40 p.m.

I believe there is an outstanding negotiation that is going along in respect of new travelling allowances to take into account the situation which has changed since the last rates were fixed.

We also have to look at this matter against a background of the fact that this year the Sugar receipts are expected to be some \$42 million less than last year. I am unable to give the House an accurate statement as to the final estimate of the Sugar receipts. We know what our production is. We know what we have shipped so far but we still have some 17,000 tons to ship but under the terms of the European Committee Agreement, we have up until June next year to ship that.

It is impossible, Sir, for us here to recognise the fact that the World Market price for sugar now is well below the cost of production. We could ship it on the World Market but we would get £158 per ton for it. One hundred and fifty-eight pounds is the current ruling daily price. It does not pay us now to sell that sugar because the pound in relation to the Barbados dollar, the last check that I made a couple of days ago, is now \$1.90 U.S. at the time so you would be able to see what the position is in relation to the pound.

There is nothing that we can do in respect of the sugar that we ship to the European Community. We

received, in fact, some \$782 (Bds) only for that sugar. The simple explanation to that is that because of the strength of the U.S. dollar *vis-a-vis* the European Currency Unit, we will receive less for that sugar than we received last year for the sugar. It is a straight shift of the currency movements over which we have absolutely no control.

We also have, Sir, to take into account the fact that the Capital Development Programme of Government has picked up some of the imported inflation in respect of those bills and other imports from abroad over which we have no control.

Now, the Government has taken a decision which was outlined to the House on our last occasion, namely, that given the economic facts in relation to our major export receipts from sugar, one of our major export receipts, given the fact that our revenue projections are not likely to exceed by any significant extent the amount set out in the Estimates, given the fact that our Current Account in the first eight months up to the end of September, our revenue was increasing at the rate of about 3%, our Current Account Expenditure is about 17%.

We know that August and September were bad months, have always been bad months and this year, I am sure, hon. members on the Other Side would be pleased to know that because of a quasi-decision taken by the Government that Income Tax rebates should be paid back as at quick a pace as possible, this year I was informed by the Commissioner of Inland Revenue that up to the end of September far more money has been paid back in Income Tax refunds than has ever been paid back in the history of refund payments in that particular period of time.

In other words, we have not done what it was possible to have done, that was, to keep the people's refunds to use for our financing. We have not done that. The instructions to the Commissioner of Inland Revenue has always been clear that the process should be speeded up so that people could get back their refunds in good time but he says that according to his records he is positive that by the end of November the largest amount of refunds, percentage wise, the best percentages, would ever have occurred in the history of Barbados.

The hon. member for St. Michael South Central — (*Asides*). How much it comes to? Well over \$4.5 million has already been paid back, well over that. We were not obliged to pay that back but, Sir, there is a corresponding situation which I would like to give all hon. members notice of. Just as we are very efficient in paying back the people's refunds, we are going to be ruthless to those people who do not pay their Income

Tax. You cannot have it both ways. You cannot come in here and criticise the Government for not paying back refunds to the people and at the same time the taxpayers are using the Government's money for financing their businesses because of the fact that the penalty for non-payment of Income Tax is now less than the overdraft rate.

We will bring in legislation, if necessary, and I call on all defaulters now that if they do not pay, legislation will come down and it will be doubled the amount that it is at the present moment so that they will not be using taxpayers money for financing their own businesses.

1.50 p.m.

It is one percent for months, now. I will bring — it is left to me, my personal decision, it is a Cabinet decision — I will bring in 24%. I would do that.

Mr. SPEAKER: But, the decision of the Honourable House is that the Honourable Member must address the Chair, at all times.

Hon. H. B. St. JOHN: So that, Mr. Speaker, Sir, we have speeded up, in response to complaints, the process of refunds. In response to requests and exhortation. I hope that the defaulting arrears taxpayers speed up their arrears to the Government. We have to be fair. We could have used the money, the \$4.5 million, too.

Now, Sir, the position is the Government did, in the light of these facts an expenditure programme for its capital budget. We have done an exercise, we looked at the projects which were not started and the Government will bring its Capital Expenditure programme this year within \$165 million. We are hoping to do that. The budgeting figure is \$220 million. Last year, we spent \$135 million. Now, it is significant to note, very significant to note that this is the largest expenditure programme that has ever been undertaken in Barbados. We have — even if you deflate for inflation, it is still the largest Capital programme. Obviously, Sir, your Capital programme can only be financed out of Current Account surpluses, gifts from abroad, or borrowings.

We know exactly, that because of the fact that we are now a country with a per capita income, which in accordance with international classification, we are in the higher bracket, of the developing countries, we are not getting, we will not get those amount of gifts which other countries get. In respect of concessionary loans the climate is equally bad. It is clear, that influential countries who have a large share in the voting power in multi-lateral financial institutions and the United States in particular, are insistent, insistent that developing

countries have to borrow on the commercial market.

The recycling of the petro dollars, particularly, this last round of price increases, in the opinion of Governments like the United States, as it is presently constituted, is that those institutions should not be the vehicle to recycle the money, that the private commercial banks should be the vehicle. They have even gone so far as to threaten to cut off to their own manufacturers and exporters, a legitimate well-known, beneficial method of financing the purchase of goods and equipment, namely, export credit. They make speeches all over the world, even as lately as two, three days ago that they are not going to allow their voting power in these multi national institutions, public multinational institutions like the World Bank and others, to be used to give the developing countries a better deal.

A developing country, particularly, one with pride like Barbados can only face reality and the reality is either you decide in your mind, you are going to stop your development programme, in which case, you suffer the consequences of when the recession is over and the economies pick up, you are not able to take advantage of it, you are not able to provide that level of construction activity in your country which is necessary for the purpose of employment and stimulating business activity. To all those who talked about supply side economics, reaganomics, and fascionomics, the programme of the Government of Barbados is very clear. We shall continue, within the limits of a well-conceived public sector deficit, to carry out our Capital Development Programme.

Now, Sir, this is not the first time, that the Government of Barbados, or in the history of Barbados that a Euro dollar loan was used by the Government as a vehicle for financing. There is a very interesting study that has been done by the Research Department of the Central Bank and I believe that in 1972, a Euro dollar loan was arranged, in 1973, one was arranged. So that, as long ago as 1972, the then Government of Barbados recognised that periodically, it was necessary for the Government to finance Capital Expenditure, by way of utilising a Euro dollar loan.

I know of no international institution that in the circumstances of the extraordinary unfavourable conditions for sugar this year in Barbados, we can go to and say, "Look, we had so much rain, look, the price that we get for our export crop has dropped because of currency falls, we would like to get help". Stavex under the European Development Fund does not include sugar. It does not include sugar. (ASIDES) I am not dealing with tourism because tourism, contrary to the beliefs and the myths that you see around, contrary to the panic button pushers, the receipts from tourism in Barbados have not reduced below last year's. They have not, they have not, not. The Government tax is up on last year.

The position with tourism receipts is very simple. It has grown this year, but, by a lesser percentage, than it had grown previously. That is simple. It has not reduced, it is not below last year. It has not gone below last year. They are not growing as fast.

Mr. Speaker, Sir, — the Standing Orders are suspended — this is a convenient point, very convenient point. I think that the Honourable Leader of the House has a motion to make at this stage, Sir.

SUSPENSION

Hon. L. S. CRAIG: Mr. Speaker, it is now 2.05 p.m. Sir and I beg to move that this Sitting be suspended until 3.00 o'clock, Sir.

Hon. H. B. ST. JOHN: I am not completed, Sir, I will resume as soon as we come back.

The question that the Sitting be suspended until 3.00 o'clock was put and resolved in the affirmative without division.
2.05 p.m.

On Resumption:—

Mr. SPEAKER: This sitting is now resumed. The hon. member for Christ Church East Central.

Hon. H. B. ST. JOHN: Mr. Speaker, I had reached the point where I was explaining to the House that a review of the six months performance indicated that the measures which the Government had taken would result in mitigating the imbalances which have occurred this year consequent upon factors arising from the international movement of currency against us, the adverse weather conditions and the inhospitable economic climate in the developed countries in the world.

Now, Sir, I believe that I gave projections on the first six months of the Capital Development programme, on current revenue, and I explained that the growth of revenue was smaller than the growth of current expenditure. Of course the historical cash flow problem of revenue in Barbados would be well known to the hon. member for St. Michael South. August and September are traditionally, because of our pattern of receipts of taxation, the best months. Now, the month of October is corporation tax month, one half of the corporation tax, and at the end of this month a fairly clear indication of the current revenue is likely to arise.

In respect of Capital expenditure, Capital expenditure for the first six months of the financial year is approximately \$80 million, which is sort of in the line of the projections of 160 to 165 million, which we hope to achieve. We must remember that we had a large portion

this year in Capital expenditure in the earlier part of the year because of the fact that the sewerage scheme was at its height, and anyone who knows about the contractual arrangements that are made with stage payments would know that the contractors aim to get out 70% of their money when 50% of the building is completed. This is a fact, the hon. member for St. Philip North will tell you that. They get a third of their money in the first quarter and by the time the building is 50% over they want 70%.

So, the sewerage scheme and the polytechnic are two major Capital projects which are behind us, completed only for the official opening. Now, the ongoing projects are being carefully watched and realistic targets for completion dates have been examined, and the Government is determined, the Minister of Finance and the Planning and Priorities Committee are determined that our Capital Expenditure is kept within the level that the total budgetary deficit for Barbados is of the order which we in our humble opinion feel is manageable.

The only other point that was of significance, Sir, is the fact that we have been able, because of our credit standing, to achieve in the terms of this loan some spreads over libor that are more favourable than what the hon. member's Government on the other side was able to achieve. The tenure of the loan is eight years. Yes, I know the hon. member is surprised that we were able to get an eight year loan. He is even more surprised that there is a four year moratorium on the capital. I suppose that in itself is surprising to him. It is $\frac{3}{4}\%$ over libor for the last four years and it is repayable in eight semi-annual instalments.

Now, Sir, that can be contrasted with the last Euro dollar borrowing. I believe then the percentage was $1\frac{1}{2}\%$ over libor. One thing is clear and that is that the position is much more favourable percentage wise above libor. It is a fact of life that we have to live with, that at this particular period of time international interest rates are high. That is a fact of life, and I believe I told the House when I was replying that in 1973 the spreads were $1\frac{1}{4}\%$ and $1\frac{1}{2}\%$ over libor. But there is one solution, Sir, that we have, that is, that there is determined pressure all over the world for interest rates to drop. There have been some modest movements in the United States of America, very modest movements downwards in the United States.

If you study all the economic pronouncements, it is clear that the western world's economies cannot continue to tolerate a situation in which in the western European countries there are nine million people unemployed in the EEC countries, the unemployment rate in Britain is 12.4%. In some other areas it is as high as 25%, so that we in Barbados feel quite honestly that the interest rates will move not up but down. No one can sit and tell you, Mr. Speaker, or tell this Hon. House as to when the movement will become dramatic.

3.10 p.m.

I know that internationally the rate of inflation has not been rising as fast as it was in the past. I know, Sir, that the signs are that the international oil monopolies have now found themselves in a position in which they have oil but no buyers, so that having pushed the world into a situation in which particularly in the developing countries a larger and larger share of the foreign exchange earnings is being pre-empted to pay for one commodity — this is a fact — they recognise that there is a limit to which you can consistently push oil prices without causing international difficulties both for the developed world and the developing world. Sir, there is a lot of talk and a lot of publicity given to so-called oil facilities. I think that it is time that everyone knows the position of Barbados in relation to oil facilities. The oil bill in Barbados will go up by approximately \$30 million this year. I believe the figures are from \$79 million to \$100 million. It was \$79.6 million in 1980 and it is projected to be \$100 million.

Of the two potential facilities available to us in respect of crude oil imports from Venezuela, for 50% of whatever crude oil we import from them, we are only able to take advantage of that. In respect of the Trinidad oil facility, we can take advantage of part of the facility, namely, that one that relates to the import of LPG products, gas, oil, and the reason for this is simple. It is that the lexicon proportion of the Venezuela-Mexico oil facility is not available to anybody in the Eastern Caribbean, because the crude that Mexico has to supply is a high sulphur crude and refineries within the Eastern Caribbean with the exception of one cannot desulphur it. Only Texaco has a desulphurisation plant in the Eastern Caribbean. So it is mythical. Discussions are going along all the time in respect of how you can process this crude. There is transport costs and there is desulphurisation costs, so that is out. (Mr. SANDIFORD: Is this used for oil?) The hon. member obviously is at sea in understanding these kinds of matters, because he is asking if this is to be used for oil. This is to be used to finance the capital development programme of Government.

Mr. Speaker, if the Democratic Labour Party is saying that the Government should not have a capital development programme, let them get up and say that. If they are saying that the Public Works Department, the construction work that we are carrying on, that the social projects, the building of better educational institutions in Barbados like the one we just completed at Coleridge and Parry in the north, that we must stop Heywoods, that we must stop the cement plant, that we must stop all of these projects, if that is the philosophy of the Democratic Labour Party, let them get up and say it. If you do not want us to carry on with the schools programme, if you do not want us to build the Post Office, if you do not want us to build the Spring Garden Road, if you do not want us to build all these things, get up and say that the Democratic Labour Party says that the Government

should not have its capital development programme. You are asking me whether this is to do with oil?

The position is very clear, Sir. I think I have given the House enough information in relation to the terms of the loan. I have told them what the purpose of the loan is. The loan is very clear. The Government has a capital development programme which it has to carry through if we are to move forward. This is a time for the brave to stand up and take decisions. The Government is not afraid to take a decision to carry on with the capital development programme. The Government had to honour its commitment in respect of its civil service salaries increases; we have given back a large amount of tax relief in this country, and at the same time we had to face the most unfavourable weather conditions and a most inhospitable world economic environment, and we, Sir, are classified in the developing world as among those categories of countries which have to make courageous decisions and stand on our own feet.

The Government of Barbados believe that it is necessary for our programme to be carried on, but modified in the context of reality. We have taken the decision in respect of modification of the programme to ensure that the capital expenditure and recurrent expenditure in Barbados will be cut within tolerable limits.

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

Hon. L. S. CRAIG: I beg to second that and reserve my right to speak.

Dr. HAYNES: Mr. Speaker, quite clearly the Rt. Hon. Prime Minister and Minister of Finance has lost his taste for discussion of economic affairs in this Honourable House and has given the task of defending the indefensible to his stalwart friend, the Deputy Prime Minister, who unlike the former Attorney General and Minister of External Affairs did not desert the Government and the country in its hour of greatest need, but preferred to stay within the Government.

Hon. H. deB. FORDE: On a point of order, obviously, Mr. Speaker, the hon. member wishes to draw me into the debate by making imputations against my public conduct as a member of this House and accusing me of deserting the Government in its hour of need. I am objecting to those remarks.

Dr. HAYNES: Mr. Speaker, I am very pleased indeed that the Deputy Prime Minister recognises the seriousness of this Bill before this Honourable House and has sought in a wide ranging speech to deal with the various aspects of Government finances which might impinge on the viability of this loan and the capacity of this economy not only to absorb the loan, but also

to repay it. This certainly gives this Honourable House an opportunity to debate in the widest possible manner the seriousness involved in the economic structure of this country which has led to the desirability for massive loans and massive facilities.

Mr. SPEAKER: I hope the Hon. member does not believe himself to be in his present position and in the Chair at the same time. That is in relation to what you have just said.

Dr. HAYNES: What I was trying to suggest was.....

Mr. SPEAKER: I understand it well. Your are in your place and I am in mine. Go on.

Dr. HAYNES: I seek not to be elsewhere but in my place, but also to be sure and to be appreciative of the fact that the main speaker for the Government on this particular measure did the House the courtesy of trying to set out as far as possible the background against which the Bill has been brought to this Honourable Chamber.

I do not agree either with his analysis of the situation or with his analysis of the severity of the crisis facing this country.
3.20 p.m.

He attributes it, Sir, to the increases in salary last year and to current negotiations in respect of certain aspects of the Public Service, Prisons, the Police Services, travelling allowances, and so on.

Now, this clearly is merely setting the stage for the final aspect of the conservative IMF tight policies which have been inflicted upon this nation as the crisis grows deeper and deeper over the past month leaving only two areas, namely, one of severe wage restraint and the looming possibility of the devaluation of the Barbadian currency being implemented.

Mr. Speaker, I further say that when he attributes the reduction in sugar earning so far principally to the fact that the dollar has strengthened against other European countries, that is correct. That is partially true, but what he omitted to say was that because the Barbados dollar is tied to the U.S. dollar, we should also be the beneficiaries of the strength of that dollar in certain aspects of our trading relationships with the International community and one would certainly have offset the other.

He blamed the increased cost on the capital programme on imported inflation. That is partially true, but what is even more important is the political decision which resulted in the clustering together of a large number of capital projects at the same time for purposes

well-known to the hon. member and that in itself would have had a serious inflationary effect and a disastrous consequence on the balance of payments position in this country because much of the capital expenditure in the area of construction has a very heavy foreign exchange component and I would say this that he is talking of the effect of capital expenditures in relation to a scaling down programme and when you look at their Estimates for Capital Expenditure which they approved in this Honourable House earlier this year, you will see the extent to which they either misread the signs in the economy or, in my humble submission, they preferred to ignore them for reasons which he knows only too well.

Mr. SPEAKER: I do not take it that you are reflecting on a decision taken by this Honourable House.

Dr. HAYNES: No, a decision taken by the Barbados Labour Party, Sir.

Now, Mr. Speaker, for the first time it has been revealed to this Honourable House the extent to which the Government's current revenue position has been affected by the major recession affecting every sector in this economy and what has not already been affected will be affected by the measures introduced here in this Parliament and also introduced outside of this Parliament by a variety of administrative measures which I shall deal with later.

It was proper, Mr. Speaker, that the hon. member should have adverted to the Revenue Expenditure position because this would determine and help hon. members to decide precisely what position they should take in relation to the Bill before this House. Your revenue position certainly will determine whether we can vote for this Bill or not and when I have completed my assessment, not only of the status of the economy, but also of the status of the Public Debt of this country, I will come to a logical and reasoned conclusion as to the position which the Democratic Labour Party should take in this particular measure.

Some how he thinks that the \$4.5 million belonging to the people which he generously gave them back, money which the Commissioner of Inland Revenue should not be holding at all, and should morally be refunding as soon as possible, he felt that if he did not pay back the people the \$4.5 million which they are holding and on which they do not pay interest. They do not pay the people interest when they delay their refunds but they charge them interest when people owe the Income Tax Department money and one balances out the other in the long run as far as Government is concerned because you own interest free money and the money owed to you people have to pay interest so I do not think that that is a major backup in terms of Government Revenue Expenditure provision.

You also spoke of the fact that a Euro-dollar Loan was raised by this country in the past, in 1972, 1973 and 1974. That is a fact. All you have to do is to look at an analysis of the National Debt of Barbados which I will do in due course and put that loan in its proper perspective as against the loan which is being borrowed now while the country is on the verge of bankruptcy and its public finances are in the greatest chaos that it could possibly be at this time in the history of Barbados.

Mr. Speaker, he talks about the credit standing of Barbados, that it stands better now than at anytime. I would like to know how he can argue that in a year where his own Minister of Finance has adverted to the fact that there is a possibility of negative growth, in a year where each sector of this economy is in a recession and going deeper into recession, in a year where the only area of expansion which has been the Capital Programme of the Government largely spearheaded and financed by borrowings for the purposes of that expansion now has to be contracted in order to protect our balance of payments to some extent. That will be a self-induced recession in that area and on top of that a series of measures introduced by the Central Bank which must dampen commercial activity in Barbados where the public debt, both the domestic and external components of that debt have reached astronomical levels in relation to an expected decline in the GDP, where your tax effort has already exceeded some 30% of your GDP, where, in fact, you now have to resort to subsidiary agencies like the National Insurance Board to collect money for the Treasury of this country.

I would say this, Mr. Speaker, that a major unlawful act in the process of rushing to collect money under the Provisional Collection of Taxes Act, any monies in any form, levies or by any other name collected in Barbados should be paid into the Consolidated Fund of this country.
3.30 p.m.

The Rt. Hon. Prime Minister and Minister of Finance has given this Honourable House — in response to a statement I made to that effect — and undertaken that the National Insurance Board would be collecting money and paying that money over to a Transport Authority — In my view, that action is unlawful — and that a directive is being issued to the National Insurance Board to break the Law and if that position is not shifted, we are seriously considering taking the appropriate persons responsible to the Supreme Court, in this country in order to effect a prohibition of that Order. (ASIDE: The courts are open.) This is a serious matter because when the Government shifts away — and I would say this, Mr. Speaker — that shift is important because the Honourable Deputy Prime Minister must know, he has the same friends in Trinidad whom I have, who are involved in the political life in Trinidad, he knows that when you start

getting into the area of collecting taxes or collecting Government revenues and putting them in special funds, by-passing Parliament eventually, that you are opening the door to any end of corruption when you remove that from the scrutiny which Parliament must by Law give, to funds coming out of the Consolidated Fund of this country. The Honourable Deputy Prime Minister was not in this Honourable House when that undertaking was given and when that statement was made, but in the absence of the Rt. Hon. Minister of Finance, I believe I must take the earliest opportunity to deal with that particular matter.

Mr. Speaker, we will be examining the credit standing of this country. We will be examining it because it is rapidly on the decline and I am going to warn you now, that you are seeking this loan principally, as a Balance of Payments support loan. This is a Balance of Payments support loan which you will be borrowing at interest rates that are largely prohibitive because the current US rates on the Euro dollar market will hardly be less than 15%. I am going rock bottom at 15%; 14%, 15% somewhere in that area. This is a Balance of Payments support loan and I am going to produce and deduce why I think that it is a Balance of Payments support loan and has but little to do specifically, with the Capital programmes of this country. (ASIDES) It may be one and the same thing, the only trouble is that you can borrow money for Capital programmes and yet, your Balance of Payments could be in order, or you can borrow money for Capital programmes to cover up a gaping development in respect of your Balance of Payments because the position, Mr. Speaker, is that this money is being borrowed against a projected Balance of Payments deficit of \$80 million, \$80 million. Four weeks ago, on a Tuesday, the Rt. Hon. Minister of Finance came in here and said that the projected Balance of Payments deficit was \$40 million. None of us felt that he meant US\$40 million.

But, by the Saturday morning, the Central Bank was able to issue a statement — I have the statement right here, I have it here, I am going to make it a document of the Honourable House — pointing out that the Balance of Payments deficit will be in the region of \$80 million, unless certain steps are taken pretty rapidly. This is one of the steps, one of the steps is borrowing. Now, Mr. Speaker, the question arises whether we can afford to address ourselves to the problems facing this country, by means of borrowing of this sort? What they have done, Mr. Speaker, is to feed this country, a sweetened portion of hemlock in the first six months of this year and now are riding out this crisis on the paralysed backs of the masses of workers of Barbados and at the same time, they are also seeking to transfer that liability, not only to this generation, but generations to come, as a consequence of the serious errors which they made.

Now, Mr. Speaker, before we can even think, even think, of even voting for this Bill, we would want to know and get more precise information on the projected Current Account position at the end of this year. Will it be in deficit? Will it be in surplus? Will that surplus be a genuine surplus? Will it be a genuine surplus? That is a very pertinent question. We would want to know why they elected to go to the Euro dollar market rather than for example, go say, to the Government of Trinidad and Tobago once again. It is a funny thing, you know, Mr. Speaker, I hear Honourable Members on the Other Side talking about the serious problems of our Foreign Reserves and Balance of Payments in 1975, *et cetera*, when we were lending money to our CARICOM neighbours for Balance of Payments support.

If you think that you can get out of this crisis in the same way in which you eased out of the crisis which you precipitated in 1977, which suddenly dawned on you one Sunday morning, when the foreign reserves of this country fell to about \$20 million and when the Governor of the Central Bank made the statement that there was only enough money to buy two weeks' of food and when, on that Sunday morning, the Governor of the Central Bank was hauled out to a house in Enterprise and seriously chastised at that particular place and told not to repeat — on a Sunday morning in 1977, mid 1977, at about 10.00 a.m. (ASIDES) Yes, a house. I did not say your house. About 10.00 a.m. (ASIDES)

Now, Mr. Speaker, we would also want to have more information on the terms of this loan. The information given is not enough.

(Certain remarks made by the Honourable Member for St. Michael South Central were ordered to be expunged from the Record by Mr. SPEAKER.)

Dr. R. C. HAYNES: What I wanted to point out was that with a moratorium of four years and when with the repayment of Capital and interest occurring in the fifth year, it would suggest to me, that the burden of repayment of that loan will largely fall upon the next Administration and not upon this Administration. *(Laughter)* That is what I am trying to suggest. I go further, Mr. Speaker, and I say this, that in light of the excessive borrowing that has taken place in Barbados, that I would like to know what are the projected repayments of principal and interest of all outstanding loans including those loans for which the Government has given a guarantee? For example, loans to IDC, and loans to the Barbados Light and Power Company, a World Bank Loan, and other outstanding loans and I would want to see them for 1982 — I am going to spell it out because if you cannot answer it today, then let us suspend the Sitting and come back again and answer it. If you cannot answer it, you are Acting Honourable Minister of Finance and you should be in a position to get up and answer. We want to know, Sir, how much money you will be paying back in 1982–83, how much

in 1983–84, how much in 1984–85, how much in 1985–86, how much in 1986–87, how much in 1987–88, how much in 1988–89, how much in 1989–90 based on the present outstanding loans?

Mr. SPEAKER: The Honourable Member has a right to table a question, he will certainly bring in that information. Certainly, he has the right to table a question to bring him the information.

Dr. R. C. HAYNES: Because, Mr. Speaker, it is my suspicion that the time has come when you need almost a separate department of Government to manage the Public Debt of this country. They can laugh as much as they like, but they know that one of the problems in terms of their revenue position this year is that they have to find some \$62 million in loan repayments, principal and interest this year. You know that, and you know perfectly well, that unless you are careful in the management of the Public Debt, that you might find cluster situations, where you either have to go and seek a rescheduling of your debt, or in the alternate, find yourself in serious Revenue positions or find yourself in a Current Account deficit or a serious exacerbation, in terms of your Balance of Payments. We want to see how this is going to work out.
3.40 p.m.

(Hon. H. B. St. JOHN: Those are the questions the task force told you to ask?). I did not go to any task force meeting this weekend. A task force will be set up, it has not been set up yet, a task force will be set up.

The other point, Mr. Speaker, is that judging from the burden of argument put forward by the Deputy Prime Minister, clearly now Barbados for the first time since 1977, and never before in its history, will be moving into a position where it is borrowing externally in order to finance current revenue. The people of this country have been asked to fasten their seat belts. They were asked to fasten their seat belts by the Democratic Labour Party, but when they were asked to fasten their seat belts it was for a take off into sustained economic activity. Now they are asked to fasten their seat belts, Mr. Speaker, it is to go through rough weather and a probable crash at the other end.

As regards the project finances of this country, for the first time the Government has admitted, and I am very pleased to say that I can say this about the Hon. Deputy Prime Minister, that from the analysis that he has given, and I have made careful notes of it here, he has demonstrated beyond any doubt that this economy is in a deep state of crisis. When you get the conjoint and combined position of falling revenues, cut backs of expenditure even in vital areas, massive and indiscriminate borrowings, fiscal policies which could only lead to severe hardship to various and the most vulnerable groups in the

community, policies which they believe to be necessary, policies which I believe they will not implement or permit the Central Bank to implement, mainly to persecute the people of Barbados, because I do not believe that they are wicked, I believe they have introduced those harsh measures because they feel that harsh measures need to be taken in a serious crisis of this nature.

In a situation where he himself must admit that there is a declining element of investor confidence in Barbados, where the Central Bank has published an official report to the effect that Government expenditures in the first half of this year led to the creation commonly known as the printing of money in Barbados. That is in the report, the printing of money, the creation of money, money created by the Central Bank. Where I have talked of a serious potential balance of payments problem, and where this Government has the stark alternative before it of either going to the Euro dollar market and using up what little available credibility they have in the international world of finance, or going to the International Monetary Fund. That was the choice before this Government and they elected for the time being to go to the Euro dollar market. They have elected to do that for the time being, but if the gamble does not pay off, if you do not get a strong tourist season this year, you may find you may still have to go to the IMF under circumstances where your credit worthiness has been even more sharply declining consequential on this particular loan. (Hon. H. B. St. JOHN: Do you want me to go to the IMF?) I am not here to tell you where to go, I am telling you what are the alternatives before you.

Mr. Speaker, it is not only in Central Government itself, but in many of the Government's agencies, whether it be the Transport Board, whether it be the National Housing Corporation, whether it be the Barbados Marketing Corporation, what do we find? A situation of bankruptcy or near bankruptcy existing.

Now, Mr. Speaker, I have already spoken of a situation where you will get an overall decline in real output in this country. (ASIDE). This is what the Hon. Prime Minister said, and this is what the Central Bank said, that there is a real possibility of no growth or negative growth this year. (Hon. H. deB. FORDE: There was none for four years under you). But we did not go and borrow, and we had the good sense not to do like Guyana and the present Barbados Government of embarking on a massive Capital programme in that situation. Guyana has today not even recovered as a consequence of those ill advised steps. What we did, we sat down and prepared a programme and handed over to you a country where your Minister of Finance could proudly get up in this Hon. House in 1977 and when he reviewed the situation pertaining in Barbados he was able to say that in 1976 there was a growth of income, that there was a

good performance of the economy, that there was noticeable growth in sectoral output, agriculture, manufacturing, tourism, a revival in the growth of industrial output, a modest recovery in tourism, that the rate of inflation had slowed to 5%, that domestic credit in Barbados rose dramatically. That is what caused the trouble in 1977, and you know it too well. (ASIDE). If you want to find out how you took over the Government, I am going to do it at a time when the whole nation is looking, that is why I am not going into detail now, because you will see from here exactly how you took over the Government and how you ran into trouble.

If I recall correctly, the measures that you took then, you increased the public debt, you put on a credit squeeze, you cut back on Government expenditure and the unfortunate hon. member for St. Andrew, who was at the time the Minister for Communications and Works, has to bear the permanent opprobrium of being the man who put people on the four day week, although that was a fiscal measure taken by the Minister of Finance. He should have resisted it in the same way as the present Minister of Transport and Works is resisting that particular demand from the Minister of Finance.

Measures such as a credit squeeze, Mr. Speaker, measures such as wiping out liquidity in Barbados, measures such as borrowing on this scale either domestically or on the international markets will not cure the deep seated and multi-loculated abscesses which lie within the economic structure of this country. What it needs, you cannot by borrowing do a superficial graft because the graft will break down as this loan will demonstrate to you in the next three or four months. What you need to do, Mr. Speaker, is to try to excise those abscesses with careful thought, stop in your tracks and begin to think again about the processes of development.

I am sure the Hon. Minister of Agriculture would agree with my analysis. He might get up here and try to defend his position as a Minister of the Government, but I am sure he would agree if I say that I would have no compunction at all if of that \$135 million that you have added to the foreign component of the national debt since you have come into power, \$100 million had gone into agriculture. I would have had absolutely no quarrel with it, but when you take it and you put it in the kind of construction that is going on in Barbados, then you will be in trouble.

3.50 p.m.

When you actually sit down and read the research paper relating to the national debt that was produced some ten years ago, I would remind you that a more recent paper has been done by Miss Zephirin in relation to the national debt position of Barbados, and whereas at the time, not now, she thought that it was not a

very dangerous position, nevertheless she felt very strongly that there should be a shift in the direction of the national debt of Barbados and that it should probably relate much more to areas of productivity in which there would be some kind of return within a reasonable range of time for the money that you borrowed. (*Asides*) I hear the former Hon. Attorney General speaking. He has been the advocate, Mr. Speaker, and has been one of the main causes of misleading the Hon. Minister of Finance into believing that it was reasonable in a small country like Barbados with the kind of open market economy that we have to relate our public debt to a percentage of our export earnings. Bad index. It is international for industrial countries that have a different industrial base. It was the same kind of criterion that was introduced in Jamaica when the Jamaicans were doing very well in 1968 and 1969 using different criteria for borrowing and with the same kind of criteria that led them into a position that when the day came when they could not sustain their export position that all of a sudden the national debt was completely out of alignment.

If you want an index of the correct level of national debt, let me tell you what that index is. The lowest possible level of debt that could maintain a reasonable rate of capital development of the country and contribute generally and meaningfully to the overall growth in the economy. That is what I tell you, and that is where you have to use some delicacy of judgment, and in economies of this kind I would strongly advise you to forget that index because all of a sudden now you are going to find that you have a massive debt and that your exports whether they be in the form of tourism or in other areas, sugar and elsewhere, would be on the decline. (Hon. H. deB. FORDE: How do you measure it?) How do you measure it? That is the duty of the Minister of Finance. He has to be able to use his judgment and see what is taking place within the economy and cannot go either utilising monetary and fiscal measures to cure a situation, or in the alternate using measures for measurement of the amount of debt that the economy can bear by using indices that are applicable to countries who have a completely different industrial base.

A classic example of this, Mr. Speaker..... (Hon. H. deB. FORDE: Why don't you read the Press and understand how he measures public debt.) Look, Mr. Speaker, let me show you what this kind of nonsense has done to Barbados. I will deal with this early because it is only when this is publicly exposed that the people of Barbados will realise exactly what is happening. Let me take the public debt of Barbados, and I read from the Economic and Financial Statistics, September 1981, published by the Central Bank of Barbados, and I start at page 62. The total national debt of this country at the end of July — this does not

take in consideration August and September — was \$583 million, an increase from the level of \$214 in March 1976, and what is much worse and much more serious and against which we should view this Euro-dollar loan is the fact that the foreign component of that debt had risen from \$50 million to \$185 million.

When you analyse the short term domestic debt, you see that it goes somewhere in the region of \$253.9 million, whereas the long term domestic debt has been remaining relatively constant over the past four years or so, a suggestion, and it is a very serious suggestion in the structure of the national debt of Barbados that the community as a whole outside of institutions which can be controlled by Government or can be subjected to directives from the Central Bank has no confidence whatsoever in the viability of this Government. \$40 million from Trinidad where before we owed no money to Trinidad; we were lending money to Jamaica. In 1974 we owed only \$100,000 to international institutions. Today we owe \$74.7 million. In 1976 we owed \$4.1 million and we are up to \$74.7 million largely a consequence of the kind of foreign policy thrust of the former Attorney General and Minister of External Affairs. I would have thought that the Hon. Prime Minister might have had a little more sense than to listen to that kind of advice and that kind of thinking. I warn him that he will be dealt with in due course, because I think that he has been a major force in the direction and in the policies of borrowing in this country.

Of very serious consequence, Mr. Speaker, when you look at the monies loaned by the Central Bank to the Government of Barbados, you find today that advances amount to some \$51.5 million at the end of August.

Mr. SPEAKER: What page.

Dr. HAYNES: I am sorry. I have moved to page 2. And Treasury Bills \$73.768 million, whereas again you find the same trend that the long term debt, the debentures, remain relatively constant. But I am going to dissect this debt even further, and I am going to demonstrate beyond any doubt that this Government should not be coming in here trying to borrow a single cent from anybody outside of Barbados and very doubtfully anyone inside of Barbados. On page 4 of the same document you see that they have already taken up some \$19.379 million in IMF allocations of SDRs, so you know if you have to go to the funds now the terms on which they have to do. It is all going to come out. At page 6 what we find here is that the Central Bank of Barbados' foreign assets by currency, the last column, grand total shows a tremendous decline between January 1981 and August 1981, whilst at the same time there was the creation of new money in Barbados. Where did you get

the foreign currency backing for it? You printed money. That is a charge I am making here, and the printing of that money is partially responsible for the crisis that you have in this country today in respect of the balance of payments. The Governor of the Central Bank was on long leave when it was done.

Ask yourselves how can these figures tally and how can you come now and tell me that you are in a position where your credit ratings possibly have improved. Is it logical? It has got to be illogical, Mr. Speaker. I cannot stand the acid test of logic to say that your credit worthiness could have improved in any way over the past three or four years. It may have improved perhaps since June 1977, but that is only because you are riding out your reserves by foreign money, because the way you compute your reserves you never know when you draw down \$20 million and lodge them in the reserves for a short period of time and classify them as foreign reserves, and what represents true foreign reserves in relation to the difference between exports and imports and probably invisibles coming into Barbados.

4.00 p.m.

You can never be sure what component of borrowing money is lying there but that too will be computerised and dissected and will be exposed in due course. (ASIDES) Well, he accepts that that is true but I will have five years to expose it. I will start now.

Mr. Speaker, on page 16 we find a very interesting situation. I had adverted earlier on to the position in relation to the credit, the absorption of credit by Statutory Boards and we find that this has doubled since January, 1979 and is now in the region of \$4.9 million. (ASIDES)

Now, if \$4.5 million is money in relation to the amount of money that the Government gave back to the people which was their money that they were holding, surely \$4.9 million which is .4 of a million more; that has to be money, too.

I have had an assurance, Mr. Speaker, from the Hon. Deputy Prime Minister and Acting Minister of Finance that the request made of the Barbados National Bank by the National Housing Corporation for an overdraft of \$1 million strictly relates to bridging finance in relation to structures, I think, at West Terrace.

If that is the case, fine, but if the National Housing Corporation is going to the Barbados National Bank, an institution which is in big trouble, as you know, and having serious problems, a bankrupt institution, going to an important financial institution in order to meet its day to day problems in terms of financing, then we on this side will not be agreeing to that because you will be ending up in no end of trouble. (ASIDES).

The Barbados National Bank? But I have said that that is the only thing that I have ever agreed with in your Manifesto. You have twisted it and said that I said that the only thing that I agreed with was off-shore banking, and that was not correct. (ASIDES). When Sidney Alleyne had a bank I did not know him.

Now, Mr. Speaker, I turn to page 51. I am only trying to demonstrate to this Honourable House, Sir, the enormity of the public debt of Barbados. On page 51, what do you find? "Government of Barbados Treasury bills by Institution Holders — Central Bank of Barbados \$73.7 million; Commercial Banks \$92.86 million; National Insurance Board \$50 million; Statutory Boards \$1.7 million; and other \$1.8 million."

What is happening here, Mr. Speaker is that the Central Bank by its requirements on the Commercial Banks and making them have a certain proportion of money deposited with the Central Bank and then that money is used for the purpose of Treasury Bills. Commercial Banks are also required even now to take up more Treasury Bills and what I am concerned about is that the National Insurance Board Funds, which is a Trust Fund, that is a Trust Fund, and although lawfully the Minister of Finance can give directions as to the nature of the investments of those funds, I believe that \$50 million in Government Treasury Bills represent a disproportionate sector of the investment funds arising from the National Insurance Board. \$50 million is too high. You are taking up National Insurance money, buying Treasury Bills in order to meet current expenditure.

Now, Mr. Speaker, when you are faced with a situation where the Government is clearly bankrupt — he has suddenly discovered that in August and September Government finances tend to be at a low ebb. Forgotten is the statement on September 3, 1976 that the Treasury was empty and forgotten is the Statement, Mr. Speaker, on September 30 that the Treasury was full. A remarkable miracle performed by the Barbados Labour Party. One of the miracles that they claimed and the consequence of that miraculous management is seen today when this country is faced with its greatest financial crisis, when its public debt, domestic and foreign is at its highest levels when, at the same time, there is a downturn in every sector of the economy and you dream and believe that you can ease out of this crisis by monetary methods and by inordinate levels of taxation.

I am going to tell you this, Sir, that you are going to find that as a consequence of these measures here, Sir — I want to refer first of all to a Press Release by the Central Bank of Barbados dated September 17, 1981, in the first paragraph — I will make it a document of the House — In the first paragraph it gives confirmation to the analysis that I have made of the published figures of the Central Bank to confirm that there was an element, Sir, of printing of money.

It further, Sir, indicated that this public statement made by the Minister of Finance on the Tuesday preceding the date this document was published was incorrect in that it stated that the balance of payments deficit of about \$80 million is now anticipated.

It further said, Sir, that there would be a considerable decline in the economy in virtually every sector and it went on to say, Sir, that efforts will have to be taken so its "monetary and credit policies will have to be tightened to reduce the level of imports, while the most strenuous efforts will be needed to increase our exports of goods and services. However, it will be difficult, if not impossible, for these measures to succeed unless new wage agreements are kept within reasonable limits."

A credit squeeze, an elimination of credit within the community, the diversion of all credit to Government and on top of that, wage restraint. These very measures, Mr. Speaker, will be making it impossible for this economy to go other than into further recession and the structure of our tax system largely dependent now, the shift has been so great in the direction of indirect taxation that as the commercial sector and related sectors go into recession, you are going to find that there is a drop in your revenue and then the Government will be forced then to impose further taxation on top of the iniquitous tax on the children of this country that they have just imposed by way of increasing the busfares in Barbados, further taxation.

Now, Mr. Speaker, the point I am making is that those very measures endorsed by the Central Bank and those imposed by this Hon. House will create further problems and eventually lead to a further recession. They cannot have the same kind of effect as they had in the more moderate vein in 1977.

4.10 p.m.

(Certain remarks made by the Honourable Member for St. Michael South Central were ordered to be expunged from the Records by Mr. SPEAKER.)

Dr. R. C. HAYNES: Mr. Speaker:

"The commercial banks of this country are required to reduce personal and consumer instalment credit outstanding by 10% over the period ending 31st March, 1982."

First requirement,

Second requirement:

"With the concurrence of the Minister of Finance the proportion of their domestic deposit liabilities which commercial banks are required to hold with the Central Bank has been increased from 20% to 25%"

Is the Honourable Deputy Prime Minister aware of these things? (ASIDES) No wonder you looked very depressed when you were speaking.

"Commercial banks are required to maintain only 8% of their reserves in cash"

Listen to this:

"and meet the remainder of their requirement through the purchase of Government Debentures and Treasury Bills."

Then having come and given us an undertaking in this Honourable House that whereas you would increase the amount of money that Government can borrow by way of Treasury Bills by \$100 million, but, having given us an assurance that you only intended to take up \$15 million, then suddenly, I see in the newspapers of this country, an advertisement for tenders for \$60 million in Treasury Bills. It means that in 7 days.....

Mr. SPEAKER: Does the Honourable Member not go on reflecting on a vote taken in this Honourable House?

Dr. R. C. HAYNES: I am talking about what is happening now. One hundred and twenty million dollars, \$60 million domestic, \$60 million external, this Government is borrowing within this 7 day period. If the document was not signed on Wednesday morning, then, my information was slightly incorrect, but it will be signed before the Rt. Hon. Prime Minister leaves the United Kingdom and it is being signed in London. My information was that it was about $1\frac{1}{2}\%$ above, using $\frac{5}{8}$ and $\frac{3}{8}$. Fair enough, it works out at about $1\frac{1}{2}$. $\frac{5}{8}$ plus $\frac{3}{8}$ divided by 2 works out at about $1\frac{1}{2}$. So my information was relatively correct. $\frac{5}{8}$ and $\frac{3}{8} = \frac{8}{8}$ divided by 2 is $\frac{4}{8}$, that is $1\frac{1}{2}$. So, my information was relatively right and I want to suspect that you do not know that the document was signed on Wednesday morning. (ASIDES) The Prime rate has been raised from 11% to 13% and the average lending rate from $12\frac{1}{2}\%$ to $14\frac{1}{2}\%$ with the position today that overdrafts in Barbados are running at about 15% and above.

But, I will tell you what has happened here. I have some sympathy, I must say this, the only measure that I have a little sympathy with — a little, not too much, a little sympathy — is this particular one. But, you made a serious error, in that you should never have allowed mortgage finance to dry up in this country. You probably should have raised interest rates by about $\frac{1}{2}\%$ last November and probably, by another $\frac{1}{2}\%$ in March of this year and the Central Bank would not have incurred the approximately \$20 million to \$40 million that it incurred in losses during that period. Get up and deny it. Get up

and deny it. That is not a matter of opinion, that is a fact. That is a fact, that could have been avoided. We cannot insulate ourselves completely from the general trend in the world. I say I have a little sympathy, but in the face of your failure to take what was reasonable action because of an Election coming up, you must stand condemned even under austerity measures.

Now, this one here is terrible, Mr. Speaker:

"The discount rate favoured by commercial banks for short term borrowing from the Central Bank to meet their liquidity needs has been raised from 10% to 18%."

All it means is simple, Mr. Speaker, that the only person who can borrow money in Barbados now is the Government, that there is no credit available to anybody else and even with the high interest rates, the credit is not going to be available. I only speak generally, the odd person might get a loan here and there. But, I am talking of credit as an instrument of economic activity. That has been wiped out. That has been wiped out, and this is what I mean that these measures are essentially sterile measures and will compromise the ability of this Government to pay its existing debts, far less meeting further debts in the future.

Finally, Mr. Speaker, there are many other aspects that I would have liked to have dealt with in this particular matter because this area must be properly scrutinised and I would once again urge upon the Government, I urge on them in 1978 to review Fiscal incentives to the hotel industry, I urged on them earlier this year to look at the appropriateness of their Budget, I urged on them in this Honourable House, a whole range of areas of economic activity, but it has always gone on deaf ears. You may be in power when it happens, the Democratic Labour Party may be in power, some other political party may be in power, but you have an obligation, you have a deep obligation to look more carefully at the management of the Public Debt and also to set up mechanisms, where you do not have one agency like the Central Bank introducing monetary methods, having another agency like the Central Bank, then having probably the agency of the Inland Revenue as adverted to in his speech, where they will be taking more vigorous measures to collect revenue and so on, when there can be some central agency, where when you have to take joint fiscal, economic and monetary measures that they should be able to either coincide or so relate to each other as to minimise the burden on the community and maximise the economic effects which individually, they might be designed to do, but together, if not properly applied and not brought in force in a proper relationship of each other can have a complete and total reverse effect. It has happened before. You do not think that it makes sense, but I am telling you that it makes sense.

I am telling you there is a strong, very strong feeling and to some extent it is right — I do not subscribe to Reaganomics, — there is a strong element of domestic generation of the crisis here. The strongest element lies within Barbados and only a very tiny element outside. If I were on some kind of percentile basis to attribute it, I would say that our present problems are 75%, more than 75% generated locally. It was due to mismanagement and I sympathise with even Members of the previous Cabinet who did not even realise what was going on. Many of them were as surprised as the man in the street to realise that the economy of Barbados was in such a state. When I hear idle boasts about great management, and great performance and what we have done for an economy of this kind. I used to sit back and smile because unless you can alter the fundamental fragility of this economy and the only way you can alter it is by putting money in the hands of my good friend, the Honourable Minister of Agriculture and try and get those basic things like agriculture and other basic interlinkages within the economy going.

We should not, Sir, be too concerned about — I want to be quoted very carefully, I do not want to be misquoted — we should not be in a position, where we have to be over concerned about a 4% drop in the number of arrivals to Barbados in a given year. At the moment, we have to be, but if he had sought, as I advised in this Honourable House to establish proper interlinkages with other sectors in the community, whereby there would be a greater retention factor of every dollar that comes in here and when you do not have to come and say that you lost \$9.00 for every \$100 that you earn in sugar and \$40.00 for every \$100 you earn in tourism, you would have found that you would be able to absorb the effect of a decline, of a small decline in tourism far more effectively without the kind of impact it is having on the economy today.
4.20 p.m.

Although your tourist receipts might be nominally higher or abnormally higher, I accept your word. If you say they are higher, they are higher in nominal terms, and you have to take into account the fact that there has been a substantial increase in the hotel rates in Barbados of some 30%, so if you are up 3% in your tourist receipts, or 10%, even if you are up 30% or 40% in the face of those increase in rates, you might probably still be doing nothing. Think it through very carefully.

The Minister of Finance has always made the point, and I agree with him, and it is for the same reason that that can happen, that you can get an increase in revenue although you decrease taxation in your community. It can happen. Similarly in the area of tourism you can get an increase in revenues or you can maintain your revenue levels, although the industry has gone into recession, particularly when you have a readily identifiable cause for the maintenance of that level or earnings, namely the 30%

increase in the rates of tourism, but we do not want to go into that now. All I can say is this. I wish you well, because I know that if you get involved in this loan rather than seeking a more gentle and a more prolonged loan in more gentle terms.....(Hon. H. B. St. JOHN: From whom?) I have suggested to you that the Government of Trinidad and Tobago might look favourable on a request if you were thinking of long term balance of payments protection, and I say that with information. All you have to do is to give them one or two assurances, and since you could not give them the simple assurance which they asked for when they clamped down on the repatriation of T.T. dollars from Barbados, one assurance the Central Bank of Trinidad asked for and the Government of Barbados could not give it. (ASIDE). If you do not know, I will tell you, not on the floor of the House.

For one assurance we could have had \$60 million T. T. floating about this place now, which in all honesty they could not give, but that had to be withdrawn. It was essentially a hostile act to Barbados, but justifiable in terms of their right to protect their foreign reserves. It was justifiable in that regard, but they could be willing to help. That might have been a more rational way of trying to save yourself from the worst effects of going to the International Monetary Fund. The Fund was here, the IMF were in Barbados, you were away. They were here when you were away. It was said that they were here on a routine visit, and I wish to accept that. I know that there has been an invitation extended by the International Monetary Fund for the Government of Barbados to come to them, and you have turned down the invitation. We know that, and we know the reasons. (ASIDE). The invitation was extended, but you might not know. As a matter of fact, the Barbados economic position was extensively discussed in the corridors of the IMF at its last meeting in Washington, and the general consensus of opinion was that instead of going to the Euro dollar market that you might have been better off taking one or two lines that I have suggested to you in the long term. I have made a suggestion where you can go, I am not going to tell you to go to the International Monetary Fund, all I am saying is that I believe you might be able, and I have good reason to believe, to get a balance of payments support loan from the Government of Trinidad and Tobago providing you are prepared to call it a balance of payments support loan. Call it what it is, and that is what this is. It is as simple as all that.

Now, Mr. Speaker, in view of the various factors which I have outlined, and particularly in view of the fact that the short term measures taken by this Government are likely to throw this economy into recession, where I cannot be sure that we will be able to generate even enough revenues to meet current expenditure — I am talking about genuine revenues, I am not talking about borrowing money — where I cannot see any immediate

expansion in the major sectors of our economy, where tourism probably is our main hope, I certainly can only say to this Hon. House and recommend to all members that they should seriously think before they cast their vote for this Bill and for this loan, and I am appealing to members on the other side, each and every member, to be very careful how you cast your vote. Let it never be said that because you were a Minister of Government that you were compelled in the interest of collective responsibility which can disappear on the floor of this House in times of national emergencies of this kind, cast your vote against bankruptcy, cast your vote against any further escalation of the national debt unless you can have an assurance that that loan and that debt will be applied to the productive sector and that you can envisage how that money will be invested within the economy in order to give a return which can justify its repayments over a ten year period. Thank you, Mr. Speaker.

Hon. L. S. CRAIG: Mr. Speaker, economic matters are mooted as something very tall, something very high, Sir, that people cannot understand. You have to go to some university in order to understand how to run a home or how to run a country. Only today the Minister for Agriculture and I were discussing something and he said to me that the world many many years ago had to go on without trained people in universities.

I listened, Sir, to the terms "crisis", "emergency", "disaster"; all of these words I heard trotted out by the member for St. Michael South Central whom I consider to be a frustrated economist. I think it was the General Secretary of the Barbados Workers' Union who once referred to the Hon. Leader of the Opposition and member for St. John as a half baked economist, but I listened this evening to a frustrated economist.

I believe, Mr. Speaker, that when there is a national disaster all men and women should come together in one common front for the purpose of bringing the country out of that disaster. Therefore when those persons come together, they should have ideas of how to correct and save such problems. Not one single method has been introduced in here this evening from the so called member of the task force as to how Barbados could be out of the crisis to which they referred in Barbados, an economic crisis.

I listened attentively, Sir, and on one hand I understood that we should have put \$100 million into agriculture and not put as much into the construction industry. On the other hand, we heard from the Rt. Hon. Leader of the Opposition that we should not work in agriculture, he did not want to see a cane blade in Barbados. Now on that side this evening we heard \$100 million should have gone into that. I believe the greatest disservice that was ever done to this country was that

speech made by the hon. member for St. John on that day in May at King George V Memorial Park.

Sir, one morning the entire western world got up and heard some economic greedy Arabs seeking for all the money in the world and caught the developing and the developed countries napping and plunged the entire world, not Barbados, into an oil crisis, and from that day until now that is the position. I am told it will take two or three decades for the entire world to get out of that economic problem, and Barbados is part of that world. 4.30 p.m.

If we have today, Sir, rough seas ahead of us, as the economic international barometer has pointed out that there are problems in the entire western world, in West Germany, in Canada, in the United States and in Britain where there is high inflation, high interest rates and high unemployment, the Government this evening is attacked for trying to bridge the gap to face up to what in the forecast looks like turbulent waters ahead. That is what we are here discussing, a loan for \$30 million to tide us over, operating in a very fragile economy, one of tourism and one of agriculture, and trying to push our exports and our manufacturing industry into countries that probably now cannot afford to buy, and yet Barbados remains with unemployment at some 10% or thereabouts.

Mr. Speaker, I am always puzzled when the specialists give you opinions. There are too many varying opinions. On that side you hear a criticism as to why we should not go to the Orion Royal Bank for the loan, that we should probably go to Trinidad. If we went to Trinidad you would hear that the Trinidad dollar is not worth anything, that their economy is in trouble and we should have gone to the Orion Royal Bank. What apparently has been clearly established is that the Opposition agrees that because of these economic problems throughout the entire world, like all countries with this problem Barbados must seek assistance from her bigger brothers somewhere along the line. Now we are castigated and attacked, and not one single measure have I heard coming from the other side as to what we should do to correct this problem now in a time of what they say is national economic disaster.

We are prepared therefore, since there are no propositions coming from them and only accusations, to continue on the road which we know is best for us and for the nation as a whole. In 1976 when this Government came to power, we were plagued with the problems they had left the country in, not by building more houses or more factories, but by mismanagement and corruption during those years and lacking in ideas and we were able to correct their problems for the nation. Now if we have problems as they claim on our side, if we could diagnose their problems and give them medicine for

that purpose, I think we are quite capable of giving ourselves the very medicine to cure our patients. All that we are asking here this evening is for this loan from the Orion Royal Bank. We have taken certain economic measures and certain restrictions to strengthen our balance of payments.

We, Mr. Speaker, along with the other Caribbean islands have suffered heavy freak rains. I am told it is a cycle throughout the entire Caribbean and our crops have suffered. As the acting Prime Minister told us here this evening our tourist receipts are not down, but our growth in tourism is down, but that is none of our fault. I cannot take a steam ship or a 747 and go into Canada and put people on it and tell them they must come here. They can only come here when they have a good economic structure, and when the economy is buoyant that they can come on holiday, and we depend on their tourist dollars. That is as simple as ABC. I do not want to be an economist to know any more than that if things are going good for us here, we can go to the States on vacation or to Trinidad often, but when things are not good, all men must fasten their seat belts.

We therefore have been looking forward to the other side to come up with some ideas as to how to operate, but all that I have heard this evening and on previous occasions is the Central Bank Report, the very Central Bank Report that you have so often condemned in here. The very Courtney Blackman you are now saying is right, you said his statistics were wrong and that he was giving the Prime Minister bad information, and you condemned the Central Bank Report. Now for your own purpose you are quoting the Central Bank Report. Now I really do not understand this game we are in. If they say it is a crisis, we should all come together for the purpose of solving this problem.

Sir, the country as far as I am concerned, and I have seen visible signs, has improved over the past years, and that is not taking away anything from the Democratic Labour Party when they were in power. You have made a significant contribution as I have said on the floor of the House as well as publicly, but the electorate said on two occasions that they could not try you any longer because there were turbulent waters ahead and you were not capable of handling them, so we now have to be handling the rough waters. We gave back to this country just what they put in. You talked about the four day week when they had to tighten their belts and make a national sacrifice. When things were good we gave them back \$50 million and removed restrictions. We gave back to the very people who made the sacrifice something in their hands.

The hon. member for St. Philip South said on the floor of the House that if we do not earn \$43 million in

foreign exchange from sugar, it is no big thing. It is a big thing for intelligent people who have an interest in the welfare of the country. It may not be a big thing for him, but it is a big thing for all of us because as I understand it, it takes less to get \$43 million out of our sugar than it takes to get \$100 million in tourism, because you have to advertise to get that \$100 million when you only have to plant your canes, put some fertiliser to them, pay your wages, cut them this year and you do not have to plant again because you have a second crop and a third crop, so it costs less. So \$43 million means a lot to us, and that is what we have already lost. The very workers got some \$10 million. All that is money that was floating around Barbados, some \$40 million to \$50 million over the past five years where people were able to build their homes. Now we are hearing this evening that that money should not have gone out to construction. Now people are going to build homes. We do not grow cement on trees in Barbados. You have to import it. We do not grow nails; you have to import them. You have to import galvanise, you have to import your lumber, you even have to import some artisans to help carry out the programme. We are building more houses and we are building more factories for the purpose of more manufacture and exports. We therefore gave the people an opportunity to bring in more cars because the artisan was earning more money and things were good, so we gave back to the country when things were good. Now if things look a little brown and we come here this evening to ask you to give us your support in bridging the gap in what you call a national economic crisis, I am hearing that your spokesman on economic affairs is appealing to this side not to vote for this. Now I know that is only what you call a little cheap thing.

I heard also an argument put up there about the amount of money we are borrowing and about our national and international debt. It was the very chief spokesman at Welchman Hall who said on a public platform in his very early years that there was nothing wrong with borrowing, and I think it was the senior member for St. Michael, Mr. Patsy Springer who on one occasion said there is nothing wrong with a country borrowing a lot of money to spend on its people, because there were no writ servers to come and put the country in court. Now you hear the criticism that we are borrowing too much money. We are not borrowing money to throw into the sea. You can look around and see the projects that you claim are yours. We had to finance them, they were your projects, you claim.

4.40 p.m.

According to your own Manifesto here, your Leader, the member for St. John, the hon. member for St. John said that he took two cameras with him and went from the North of Barbados to the South and photographed every single project and it either was just

finished, about to start or in process, every single project, and then went on to say that they were all your projects.

We spent money on your projects so if the money has ran out now and we are looking for money to spend on our projects for the people of Barbados, you should not be talking about not voting for this Bill. I would think that you would be happy to see your country come out of the national economic crisis which you have been supporting publicly and on public platforms.

I wish that you would stop shouting about crime in the society among tourists. When you go overseas it would appear as if this is a country of all crime, that everytime somebody steps off a ship or gets out of an airplane somebody snatches their handbag and rapes them. I am quite sure that it is not 1% of 350,000 visitors that come to this country that are molested, not 1%, but on the platforms and on television, coming all down through the Caribbean, you can hear this.

I have just come from St. Vincent, Sir, and do you know what I heard? "What is happening to Barbados? Do you all have a crime wave up there?" Every member of the Opposition. That is not bringing credit to your country. That is dragging it down. We pride ourselves of a country as being the best country in the Caribbean. We have the best bus service. We have the best roads. We have the best schools, the best educational system, the best supermarkets. (ASIDES)

Sir, I have no doubt, as the hon. member said, the best Airport, the best Esplanade. People do not build Esplanades, Sir. I doubt, Mr. Speaker, that you can go through the entire Caribbean over the past ten years and not see an Esplanade. You only build an Esplanade when you have a lot of money knocking dog with it. That is all you do. Even an Esplanade we have built, the best of everything in the Caribbean. A fragile economy, Sir, and no doubt you can only get the best of everything by having the best Government, well managed.

This evening I am hearing here criticisms, Sir, criticisms that you should not be voting for \$30 million from the Orion Bank to see the Government and the people of Barbados tied over, carried over during the rough periods through out the entire world, not Barbados alone, and that is an important point, Sir. Canada, look at all of them, Sir, every single country of the entire western world, you can call them Sir. There are problems, problems, economic problems.

Joe Clarke is telling Trudeau how to do it. Manley is telling Seaga how it should be done and he had the opportunity to do it. Hudson Phillips is now going to tell Chambers how to do it, all of these here, Sir, and with all of this, this Government has stood the test of time, has been a model Government in a model country and

because of the international problems, not problems that we have created, Sir, international problems that we are inheriting day after day.

We have to import oil, our oil bill — I heard something there from the hon. member for St. Michael West, the former spokesman, now President of the Democratic Labour Party in here talking about airfares from Jamaica to Barbados, from Jamaica to the States and that is why people do not come to Barbados now. I mean, can you imagine a big man talking such nonsense knowing the geographical distance between New York and Miami, and Jamaica is away further than Barbados so the reason why people do not come to Barbados is because the airfares are too high. That sort of nonsense from a man who has spent so many years in Parliament, now a lawyer or a lecturer in law, some degree in Economics, a M.A., trying to tell the public of Barbados that the reason why people are not coming to Barbados as visitors because the airfares are too high and he went on to compare the airfares between Jamaica, the States and Barbados.

However, I will say this, Sir, do not under-estimate the intelligence of the electorate of this country. You only have to go out on mornings around 5.30 a.m. and see when the *Nation* Newspaper van and the *Advocate* Newspaper van pass and see the people rushing for a newspaper to read, not about who killed Pele, but to read of the international problems, to read about Reagan, about Sadat, the late Sadat, Gaddafi. That is who they are reading about. They are well aware of what is going on around them so what nonsense you are talking about we are mismanaging the country and we have mismanaged the country over the past five years. It is not going to help you.

We are going to ride through whatever there appears to be, an economic storm, as the economic barometer has shown internationally. We are part of this world and we are going to ride through it as the other parts of the world are going to ride through it.

Mr. Speaker, not only as a Minister of Government, Sir, but even if I was on the Other Side, knowing the problems world-wide, this would have my undivided support and you could rest assured, Sir, I have no doubt that the members on the other side must vote for this here, Sir.

I know that they refused to vote for the Freehold Tenancies Act in here and then got up saying what the Government should do and before you know it, the people are getting their land, the people who worked so hard for it. You cannot vote against those poor people who tilled the soil in the country for us to be in here, to give us free university education and secondary education

and now that they are to get a little piece of land for 10¢, you say, "I am voting against it." That is going to haunt you to your political graves.

Sir, with those few remarks, I believe, Mr. Speaker, like a non-economist, I view it as how the ordinary man on the street view the problems in Barbados and I believe that those people are going to make whatever sacrifice this Government calls upon them to make in the interest of all concerned, Sir.

Hon. Dr. R. CHELTENHAM: Mr. Speaker, Sir, few Governments in today's world, like few individuals, can live without borrowing. Most individuals, Sir, are restricted to borrowing within the country in which they live. On the other hand, Governments borrow both within their own country and beyond.

This is an important debate, Sir, because it has tended to focus not only on the specific subject before us, Sir, but on the whole question of the public debt. This is an important subject, Mr. Speaker, because if faulty judgement is applied on the management of a country's foreign debt or indeed, Sir, to its public debt generally, the country may reach the point at which it loses the confidence of the international creditors. It may reach the point, Sir, where it has got to go to the International Monetary Fund on terms of harsh conditionalities and the little sovereignty that it exercises in the conduct of its affairs may very well be lamed or lost so that this is a very serious matter indeed.

It is because it is so serious, Sir, that I think it is a matter of deep regret that the principal spokesman for the Opposition, Sir, should have enveloped his remarks in the normal declamatory style, the hyperbolic style, Sir, and the cockeyed analysis, Sir, which he is well known for and which he allowed to attend his remarks on this occasion.

He found himself, for example, Mr. Speaker, making charges that this country is on the verge of bankruptcy and that we are now at the point of the greatest chaos in our public affairs. I think the occasion, Sir, could have done without that exaggerated language which, indeed, Sir, does not at this point represent the reality.
4.50 p.m.

My understanding is, Sir, that a country that is bankrupt cannot pay its debts when they fall due in the first place and in the second place, Sir, that it has lost the confidence of the lending community. If I would be right, Sir, in my understanding of the benchmarks of bankruptcy, this country could not have borrowed with the ease and on the very favourable terms which it borrowed or is seeking to borrow the \$30 million here under discussion. To the extent, Sir, that there is not a

single case on record of this country having defaulted on any of its debts, no one can say, with any seriousness that this country is bankrupt. So that, the charge that this country is bankrupt (ASIDES: On the verge of bankruptcy.) or even on the verge of bankruptcy must be dismissed for what it is, Sir, hyperbolic and exaggerated nonsense.

You will recall, Sir, that it was pointed out by the Honourable Acting Minister of Finance, Sir, that we are getting this loan from the Orion Bank at 5/8 above *libor*. That, in today's world, Mr. Speaker, is a very favourable rate indeed and it contrasts — not compares — it contrasts with the rate which the Democratic Labour Party Administration got which was something like 1% above *libor* when they borrowed in the early seventies. So, Mr. Speaker, the point about bankruptcy, Sir, this country being in bankruptcy, Sir, has got to be put in its context has got to be rejected Sir, as being unsupported by the facts, Sir, and totally exaggerated.

It was understandable, Sir, that the principle spokesman on the Other Side should try to extract as much political capital, if he could, out of this occasion, but in doing so, he has had to beg the facts to square with his thesis and one thesis which he advanced here, Sir, was that the Public Debt today is far greater than it was in 1976. That is a fact, Sir. No one denies that. But, the man who was working for \$5 000 a year may only be able to bear \$2 000 in debt, but a man who was working for \$20 000 a year can borrow perhaps, five times more than \$2 000. When we apply that to the situation in 1976, Sir, the National Income of this country was far less smaller than it is today. So that, our capacity to borrow was far less than it is today. The fact that we have borrowed on a much larger scale today than we had in 1976, by itself, says nothing. In fact, it says a lot because if we did not have the capacity to borrow, we could not have borrowed. (ASIDE: The Lender will not lend you.) The lender will not lend you. So, that has got to be made very clear indeed.

Now, in all banking systems, whether it be at the domestic level or at the international level, there are certain standard criteria. If you, Mr. Speaker, were to approach a bank to borrow money for housing purposes, the bank will look at your income and they will say that according to the rough criteria applied, they will not lend you any more than perhaps a third, any more money than can be serviced by a third of your income. Some banks use between a fourth and a third. Equally, Sir, on borrowing on the international market, certain criteria, Sir, are applied and the particular ones, Sir, that are applicable here relate to your export earnings. I am not suggesting that it is a perfect bench mark. I am not suggesting, Sir, that it is perhaps, the most appropriate one in all circumstances, but it is the one, Sir, that has become accepted, in the same way as it has become

accepted in relation to a private individual borrowing for a house, a percentage of between a third and a quarter of his income. The position is, Sir, that Barbados' foreign component of our Public Debt was, until recently, Sir, no more than about 2%. Between 1.9%, it has gone up now when we take this into account and one or two weeks in borrowings but up to the beginning of the year or so, it was about 2%. That is what they call, Sir, the Debt Equity ratio and it was no more than that. I will come to the point now, Sir, where it has gone up. But, up until the end of 1979, all the developing countries had a ratio of an average of about 17%. That was the average for developing countries up to the end of 1979, Sir, 17% of their export earnings. So that, when we find ourselves below 5%, we are still given the criteria that are accepted in the international lending community, Sir, within a relatively safe zone.

I know that percentages can be misleading and every now and again, you have got to look at the absolute figures, but I cannot accept that at this point in time, we are in any danger zone. The danger may come down the road. We will have to pierce the future, Mr. Speaker and anticipate that we will have to continue this level of borrowing into the future, in order to arrive at a point of danger, but, as of now, we are not in a situation of danger, though it is my view, Mr. Speaker, that this has got to be viewed with some caution and with the most skilful and mature eyes. I make that point. But, at this particular point, I do not think that we have any reason for concern.

But, what is the alternative, Mr. Speaker, to borrowing at this point? What is the alternative? The alternative would have been, Mr. Speaker, to collapse the Capital programme completely with all the harsh social and economic consequences that would have flowed from that and if that is what the Opposition is saying, I think it should be made explicit for the whole country to know. If they are saying that at this juncture, we should collapse the Capital programme completely, send home all the artisans, turn off all the contractors and bide our time, then they should say that clearly, so that the entire country could know what is the alternative that they articulate.

We have not, in our judgment, Mr. Speaker, decided that that is the wise option ahead of us and we have, therefore, decided that we would take this Euro dollar loan at this point in time. It matters not whether you say that it is for Balance of Payments support or for Capital works because as soon as, you are having Capital works, you are putting pressure on your Balance of Payments, so one is equal to the other. We ought not to find ourselves splitting hairs and drawing false distinctions and false equations. So that, I am not getting into that, as to whether it is for Balance of Payments support or whether it is for continuation of our Capital programme. As far as I am concerned, it becomes one and the same.

We have got ourselves in this country, Mr. Speaker, locked in a cocoon of very false psychology. We seem to think, Mr. Speaker, that we are cut off from the mainstream of the world around us and we forget, that we are a very fragile, open economy. That is, perhaps, the principle characteristic of this economy. It is a fragile, open economy and though heroic efforts are being made, by this Administration, as indeed, they have been made by successive Administrations, in this country to strengthen the resilience and the crux of this economy, we are still and will remain for a long time to come, a fragile economy.

5.00 p.m.

What that means, Mr. Speaker, is that you could be experiencing good economic health today and an unexpected wind tomorrow could blow you off course and force you into a crisis. That is the nature and the essence of the fragility of this economy. So that the fact that a year ago we had no particular cause for complaint does not reflect on our dishonesty or anything of the sort, as might have been implied. This economy is such, Mr. Speaker, that in January all the indicators could point to good health and by June you could be in a state of declining health. That is the nature of the fragility, and not even the economic chaldean, as I said before, on the other side, so he is claiming to be, could have foreseen some of the harsh experiences which we had to endure resulting from the effective devaluation of the European currencies, or from the unseasonably heavy rains which we experienced in this country since the beginning of the year, the worst since 1896. So that we have no reason to be on the defensive or to be apologetic for the circumstances that brought us here. They were beyond our control to a large extent.

The important point now is to determine a course of action for the future, and I notice that the principal spokesman for the Opposition was suggesting that the measures which we have adopted are conservative and IMF-like, and that we should have gone for a Manley type solution for the problem. Indeed he used the expressions "Manley" and "Jamaica".

Dr. HAYNES: On a point of order, Mr. Speaker. I never at any point suggested, and I think the hon. member is inadvertently misleading this House to say that I suggested a Manley type solution. I drew the attention of this House to the fact that it would be an extremely serious error if we continue to relate our public debt service to exports, as happened in Jamaica, and by increasing the public debt and relating it to exports in fragile economies of this nature, eventually they landed up with a serious debt service problem. It is quite a different thing to say that I suggested a Manley type operation for Barbados.

Hon. Dr. R. L. CHELTENHAM: I am grateful for the elucidation on the part of my honourable friend, but the basic point, Mr. Speaker, is that in difficulties such as we are currently experiencing there are only two pure types of solutions available in theory. One, you could apply what you call demand management techniques, such as we have applied, whereby you clamp down on credit, you clamp down on your imports, and you try to restrain your income and your expenditure, personal incomes and expenditure, or alternatively, Mr. Speaker, you could take the approach that Manley took in Jamaica with the same consequences. In 1973-74 Jamaica did not get out of the first energy crisis as well as, for example, we got out. They were suffering certain declines in their export earnings — bananas, sugar, citrus — and Jamaica decided to have an average of 50% wage increase, no clamp down on credit, reckless borrowing all around, no demand management technique, but a free for all in the economy, and by 1978-79 Jamaica was like a man on an overdrawn overdraft, and by 1980 they had collapsed.

If that is the solution that you are advocating, say so. If the Democratic Labour Party believes in the supply management techniques in the present difficulties, let them say so, because that will carry us through the path of ruin. That will bring this economy to its knees, and if that is what the Democratic Labour Party is advocating and the task force that they have that is in part misleading the honourable spokesman for the other side, if that is what they are advocating, tell them that it will bring this country to ruin.

So that, Mr. Speaker, our lines should be very clearly drawn in this debate. If the Democratic Labour Party has a solution to the present difficulties which is different from the solution which the Barbados Labour Party is pursuing, let them spell it out clearly so that the country could know what is the distinction and what is the difference between the two parties of state on this particular issue. The weasel words are coming from the other side and we do not want them, we want it clear and straight so that everybody can understand.

Now, Mr. Speaker, in the course of the presentation of the hon. member for St. Michael South Central he said that confidence in this country had collapsed, and this is the second time that I have heard him make that statement on the floor of this House, and I think it is about time that we arrest that statement, because he was carried away, Sir. He mismanaged the material he had, he had the capacity and the information there to make a serious speech and he allowed himself to be distracted by all sorts of *sotto voce* remarks coming from this side, and his natural hyperbolic style ran away with him. The result is that he spoiled what could have been a good speech and found himself making certain reckless statements, such as that confidence in this country has collapsed.

Now, Mr. Speaker, the position is that we in this country rely to a large extent on foreign capital for our development, particularly in the field of industrial development. As the Deputy Prime Minister had just reminded me, Sir, the figures for the last quarter suggest that the industrial sector is growing, not contracting, but it is a fact that mobile capital has slowed down considerably. America is the home of internationally mobile capital, Western Germany comes second. Between the two of them they are the two greatest sources of internationally mobile capital, and the crisis in the American economy, and to some extent in the German economy, has slowed down internationally mobile capital over the last two or three years. But a very interesting thing has happened in this country, and that is that two years ago while we only got something like \$1.9 million in new investment in industry in Barbados, locals put in \$20 million in new investment.

5.10 p.m.

That is an indication of the extent to which we are trying to reduce the dependence of this country on the international economy. That is just one illustration of the extent to which we are succeeding in reducing the independence of this country on international capital. But, Mr. Speaker, if confidence had collapsed as they are contending, we would not have been able to borrow money which we are now seeking the permission of this House to take up nor would we have been able to borrow at the favourable terms which we are hoping to borrow it on. That is the point. So the allegation that confidence has collapsed, Mr. Speaker, is misleading and is likely to give the wrong impression in the country and I would have much preferred to have seen the debate conducted on a more level-headed scale than it has been conducted from the other side. That is the point I am making.

Now, Mr. Speaker, we have got to recognise what is happening around us. The American administration that has the greatest say in the policies of multi-lateral lending agencies is now saying that countries like Barbados, Argentina, Brazil, middle income countries as it were, ought not to be relying on the multi-lateral system any longer for aid, that we ought to mature out, to use, an expression of the multi-lateral lending system, and that we should rely more and more on the private international lending banks. That is a very significant new development, and the American administration, Sir, seems united and determined to ensure that this becomes the policy of these multi-lateral institutions. At one point the State department was not speaking the language of the Budget Department, but now Haig is saying the same thing as Stockman, and he is saying the same thing as Reagan. They are united and inter determination that this must become the policy, and indeed I heard only a day or two ago that Reagan is going to the Cancun Conference in Mexico to say precisely that. That has implications for our debt management in the future, and

the cautionary note that I want to sound, Sir, relates to the maturity of our debt in the years ahead. It is all right to say that we can re-schedule it; that is always the last resort, but we have got to watch it carefully because the maturity structure is shortening which means that if we may pierce the veil of the future and look down the road about five years from now, we can find ourselves carrying a fairly heavy load, particularly if we find ourselves cut off from the concessionary aid that is still up to now available to us.

By the end of this year, Mr. Speaker, and given the commitments that we have, the direct borrowing of the Government from foreign sources and the guarantees that the Government has given such as we have given to the IDC and to the Light and Power — the Government has guaranteed the loans which they are getting from overseas sources — if you take the total commitments and the repayment responsibility on that and its worth, I do not think we are any more than about \$22 million per year on the foreign component of the public debt, and at that point, Sir, I do not concede that there is a danger. We are borrowing heavily for the cement plant. This is a Euro-dollar loan and together they could constitute difficulties particularly if we were forced into further borrowings in the months ahead. A critical point in my view, Sir, is April next year, because if we have a good tourist season and we manage to reap the crop that is on the ground and we do not have the interruptions from the rain that we have had this year, and we do not have any industrial disputes, given the expenditure restraints on the capital side that we have introduced, this crisis as it is called by the Opposition, these difficulties as we categorise it may fade into the background. So at this point, Mr. Speaker, there is no need to overstate the nature of the problems which we face. It is nevertheless important that we should alert ourselves to possible dangers ahead, and that we should conduct this debate in a level-headed way.

I just wanted, Sir, to make these points so as to re-inject a certain balance of perspective to an important debate which I think the Opposition blew completely out of perspective.

Mr. TRUSS: Mr. Speaker, the hon. member for St. Michael South Central stated that the country was on the verge of bankruptcy. He quoted quite enough from the Central Bank Press Release and the Central Bank reports. He gave comparisons in relation to the national debt, but it is interesting to note, Mr. Speaker, that the debt ratio of the national debt is only 2.6% which rate, among the lowest in the whole world, lower than many industrialised countries.

Sir, thinking in terms of what one borrows, one must consider the ability and capacity of that country to

repay. The GDP has grown since 1976 from \$812 million to \$1.6 billion in 1980. The hon. member for St. Michael South Central was confused. At least he confused me. He says on the one hand that Barbados is bankrupt, but on the other hand he said Barbados is borrowing too much money. Now, Sir, a country that is bankrupt cannot borrow money. No company in Bridgetown today that is bankrupt can go to a bank and borrow money, so it is my view either that the hon. member is wrong and that Barbados is not bankrupt.....

Dr. HAYNES: On a point of elucidation, I must keep repeating that I said the country is on the verge of bankruptcy. It is not the same thing as saying it is bankrupt.

Mr. TRUSS: I am glad to hear that the hon. member has said that Barbados is not bankrupt, because that is precisely the point that we made on this side. Nor may I add, with due respect to the hon. member, is it on the verge of bankruptcy? He said that Barbados should not borrow more money and then turns around and quarrels with the Government for instituting restrictive measures for tighter money control in Barbados through the Central Bank. They obviously do not mesh. He quoted from the Central Bank Press Release, page 1. Let me quote page 2. It says here "firm policies will be required to restore fiscal and balance of payments equilibrium. This will involve reduced Government spending and increases in Government revenue. Monetary and credit policies will have to be tightened to reduce the level of imports while more strenuous efforts will be needed to increase our exports of goods and services."

The hon. member is aware of that statement because he read from the very Press Release that I have before me.
5.20 p.m.

There is a significant difference between the Government of the Democratic Labour Party and the Government of the Barbados Labour Party in relation to borrowing money because in 1974, the Democratic Labour Party borrowed money to pay civil servant salaries. We, Sir, borrow money for capital projects to create jobs for people. There is a big difference.

If a business in Bridgetown has to borrow money from the Bank to pay the salaries and wages of its employees, that business, Sir, is in financial trouble but if, on the other hand, that same business borrows money for reinvestment in the market to build a factory or to expand a business, you cannot deal with that loan in the same light, Mr. Speaker. You cannot deal with it in the same light.

The hon. member for St. Michael South Central, Sir, said that agriculture is really salvation to this Govern-

ment. The hon. member for St. James North made the point that the previous Prime Minister and Minister of Finance made a speech about no cane blade in Barbados but it was the Democratic Labour Party, Sir, that cut up those agricultural lands and sold them off to their friends.

The magnitude of the problem can be highlighted, Sir, if I bring this Hon. Chamber a few figures. In 1971, Mr. Speaker, we lost 4,000 tons of sugar at a loss of \$865,000. In 1972, this is as a result of agricultural land that was pulled out of agriculture because the Democratic Labour Party sold it to their friends for housing developments, in 1972 we lost 12,000 tons of sugar and a cost to this country of \$3,314,000. In 1973, 14,000 tons of sugar. In 1974 we lost 28,000. In 1975 we lost 32,000 tons of sugar and in 1976, 32,000 tons of sugar.

Sir, the period 1971 - 1976, that five year period, we saw a lost in acreage of agricultural sugar production of over 12,000 acres, a loss of sugar of over 122,000 tons and a loss of foreign exchange to the tune of \$72,667,000 and now, Sir, the Democratic Labour Party talks to us about agriculture when they did everything in their power, between 1971 - 1976, to stop agriculture.

The salient question, Mr. Speaker, in my mind is, can the Democratic Labour Party do better than the Barbados Labour Party Government? That is the question because in 1974 when we had an oil crisis, whether you want to determine if whether what we are faced with is a crisis or not, is a debatable point, Mr. Speaker, but, assuming that it is a crisis, as they say, there is a big difference between how we deal with our crisis and they deal with theirs.

In 1974 when the Democratic Labour Party had a crisis, when the whole world had a crisis as a result of the increase of oil, the Minister of Finance ran away. He went to Miami at a University, Sir, for six months and he made a public statement, Sir, that he went to recharge his batteries. That is like jumping off a ship in the middle of a storm and telling everybody else, "brek for yourself." Our Prime Minister and Minister of Finance is not running anywhere. He is presently out of the island and he will be back on the 20th but he is not running anywhere. He will stay here, like other members of his Cabinet, and deal with this crisis, if they so call it that.

Sir, it is also interesting to note, because the question is, can the Democratic Labour Party do better than the Barbados Labour Party? I have heard a lot of talk from that side, especially from the hon. member for St. Michael South Central but he has not offered one single solitary solution as to what he would do if he were Minister of Finance and if the Democratic Labour Party was in power. Opposition politics is sweet you know, Mr. Speaker. You can criticise but you do not have to criticise constructively. You can be destructive in everything that you say.

Between 1971 and 1976, Mr. Speaker, the accumulative increase of inflation in Barbados was 122% with 38.9% of that alone in 1974 when the Minister of Finance was recharging his batteries and for the same period, 1971 — 1976, the accumulative increase in wages was only 47% so inflation ran at 122% and wages crept along at 47%. (*Asides*). Yes, Sir, the erosion of the purchasing power.

Now, Sir, between 1976 — 1981, Sir, the accumulative increase of inflation was 42.8%. Now, Mr. Speaker, when the Democratic Labour Party was in power it was 122% for five years. Under us it was only 42.8% but look at wages, Sir. The accumulative increase in wages for the same period, 1976 — 1981, was 85%, Sir. Inflation crept at 42.8% and wages ran away at 85%. (*Asides*) An improvement in the purchasing power, thank you. So, Sir, wages increased faster than inflation during the period 1976 — 1981.

At the same time, Sir, one must look at unemployment because you have to ask yourself this question. The people of Barbados have to be satisfied with the question as to whether or not the Democratic Labour Party, if they were in power, whether they could do a better job than the Barbados Labour Party and I do not feel they can, Sir, because their track record against our track record clearly indicates to me that you have on the one hand a race horse running against a jackass in a race. Unemployment, Sir, in 1976 was as high as 22% and it was reduced by 1981 to 14% by this Government.

The hon. member for St. Michael South Central talks about borrowing money but it is interesting to note that in the first quarter of 1981, \$112 million was spent in this country on capital projects, two-thirds more than last year and 15 times more than 1975. (*Applause*). Sir, can the Democratic Labour Party do better?

This is the Central Bank Annual Report, 1975, Sir. This is the same Central Bank that is here now, that was there when the Democratic Labour Party was in power, the same Governor. He is not telling any lies on them and he is not telling any lies on us. It says here under review of 1975, Sir, Mr. Speaker. "The demand for...

Mr. SPEAKER: At what page?

Mr. TRUSS: At page 3, Sir. Thank you. "The demand for Barbadian manufactured exports were especially weak during the first part of the year when real industrial output declined. The number of visitors to the island fell for the first time since tourism became a major industry, with adverse effects not only on the tourist sector, but on services and the distributive trades as well. These developments sapped business confidence, reducing the level of private investment and contributing to a slump in construction activity."

So, when the hon. member for St. Michael South Central talks about the confidence not being there in Barbados he is relating to when they were in power, Sir. He is not talking about now. "Unemployment" to continue, Sir, "still remained a major problem at the end of 1975."

I would like to quote briefly, Sir, from Page 7 of the same report. It says: "The low level of construction activity resulted in the loss of a number of jobs and in the public sector, there was some retrenchment in the casual labour force. The loss of some 300 jobs was due to the closure of four companies. This performance was a marked improvement on last year, which is 1974, when there was a net loss of 500 jobs.
5.30 p.m.

So, when they were in power, Sir, they were losing jobs, unemployment was going high. (*ASIDE*). Sir, export, tourism, agricultural production, the three main planks of Barbadian economy have expanded under the Barbados Labour Party, Sir. From the very same Central Bank, Sir, I would like to quote on page 3 of the Central Bank Report for 1980. It says:

"Barbados experienced its fifth successive year of economic expansion during 1980..... Sugar production reached its highest level since 1971.... Output in the manufacturing sector expanded faster than in 1979 and activity in the construction sector remained at peak levels throughout the year. Visitor arrivals for 1980 were slightly below the 1979 total but earnings from tourism still showed a significant increase."

Exports in that same year, Sir, grew to \$455.7 million. In 1976, it was \$172.5 million. Tourism receipts in 1976 were \$165 million, it grew to \$502 million last year, Sir.

On Page 25 of the same document, "Prospects for 1981" Sir. It says that:

"The Barbados economy will be hard put to achieve a real growth rate in excess of three percent during 1981."

and that:

"The 1981 sugar harvest is now estimated at about 110,000 tonnes," and "Because of recessionary conditions in North America and slow economic growth in Europe, no significant increase in tourist arrivals is anticipated."

Sir, it goes on to say that the:

"Hopes for significant economic growth during 1981 lie primarily in the area of manufacturing."

On that Side, you have heard that the IDC programme has collapsed. That is foolishness, Sir. Sir, the industrial estates are busier now building estates than it ever was in its five years since we have been in power. Between December, 1980, Sir, and August 1981 — this is Current — 21 companies applied for factory space totalling 120,200 square feet. Buildings that were completed since January of 1981, Sir, comprised of 52,500 square feet, buildings presently under construction, Sir, 37,500 square feet and buildings that will be started, some of which will be completed before April of 1982, 61 000 square feet of space, Sir. So, how can you come in here and say that the IDC programme has collapsed, when the facts indicate and dictate contrary to that, Sir? But, how does that measure up to the Democratic Labour Party's performance when they were in power?

Between the periods, 1971, Mr. Speaker and 1976, the Democratic Labour Party, through the same Barbados Industrial Development Corporation built 356,300 square feet of factory space. Under the Barbados Labour Party, Sir, between 1976 and 1981, we built 1 168 000 square feet of space, almost four times as much in our five years. And, they have the gall, Sir, to come in here and say that the IDC programme has collapsed.

I think, Sir, that we should confine ourselves, as Parliamentarians, as responsible people who are elected to this Honourable Chamber, to represent the people's business, we should confine ourselves to the facts, deal with the facts and it is on that basis, that we will be able to continue properly and intelligently, the people's business in this Honourable Chamber.

Sir, even the Barbados Development Bank which is related directly to the expansion of the economy in the manufacturing sector, between 1969 to 1974, Sir, all of those years, 1969 to 1974 the Democratic Labour Party, the Barbados Development Bank loaned out \$2 584 000 and between 1976 and 1981, the same BDB under the BLP loaned out \$11 million, Sir. In terms of job creation in the IDC, Sir, in terms of investment, between April, 1972 and 1976, the investment in new IDC assisted industries was \$24.8 million compared to \$56.5 million, under the Barbados Labour Party Regime 1976-81. The number of new IDC assisted industries, Sir, between April, 1972 and 1976, under the Democratic Labour Party, 31 new industries were formed in Barbados. Between April 1976 and 1981, 73 new industries were formed, Sir. And, they have the gall, Sir, to come in here and talk to us about IDC programme collapsing. Jobs, Sir, April 1972 — 76 they created 3 161 jobs. April 1976 — 81, we created 6 550 jobs, double. We have outperformed them Sir, in every area and that is the IDC only. Like I said, Sir, we have reduced unemployment from 22% in 1976 to 14% in 1981. We created 25 000 new jobs in five years. In our 1976 Manifesto, we promised 3 000, Sir.

Now, Mr. Speaker, are Barbadians better off? The Democratic Labour Party would try to give the impression that we are not, Sir. But, on the other hand, there are certain leading indicators that are used, all over the world to determine whether or not a people are doing well and some of those leading social indicators, Sir, are population per doctor population per dentist and so on. In 1970 Sir, the leading, social indicators for population per doctor — I am dealing with a comparison between 1970 and 1979 to illustrate to Honourable Members on that Side that Barbadians are better off because significant changes were made between 1976 and 1981. The quality of life is better, it has improved. In 1970, Sir, there were 1 900 per doctor compared to 1 400 in 1979. There were 18 300 per doctor compared to 14 700 in 1979. The electricity consumption per capita, in the terms of 1 000 per kilowatt that were used was 540 by the average Barbadian in, 1970 compared to 1 075 kilowatt hours in 1979. Telephones, Sir, in terms of 1 000 per population. There were 120 people out of every thousand who had a phone. In 1979, there were 200. I daresay by now, it is more than that, but in the absence of accurate figures, I do not want to mislead this Honourable Chamber, Sir. Access to electricity in terms of percentage.....

Mr. SPEAKER: You would not be allowed to do so.

Mr. A. TRUSS: Thank you, Sir. I know you would not allow me to do so. Access to electricity, in terms of percentage of dwelling, Sir, 59.0% of the houses in Barbados had access to electricity in 1970. 94.3% had access to electricity in 1979, 94.3%, Sir. Dwellings with pipe water, 40% of homes in Barbados in 1970 had pipe water, Sir. 90% by 1979 had pipe water. I am prepared to deal with the facts, Sir and I am prepared to point out to the Other Side that the people never had it so good, as under the Barbados Labour Party.

Sir, we are to borrow money if we are to carry Barbados and Barbadians into the eighties and into the nineties because the people elected us, based on this Manifesto, Sir, the Barbados Labour Party's Manifesto for General Elections, 1981 and in that, on page 32, we pledged: a Bridgetown Fishing Harbour, a Tent Bay Fishing Harbour, New Bus Terminal in Bridgetown, CBC Radio Complex at White Park Road, Urban Renewal Projects at Roebuck Street, Nelson Street and Greenfield, the Supreme Court Complex, a New Magistrates Court, a New Police Headquarters, a New Regional Police Training College, a New Barbados Development Bank Headquarters, a New Asphalt Plant, a new road from Airport to Wildey, Wildey to Warrens, Warrens to Black Rock. You cannot expect to achieve these things, Mr. Speaker unless you borrow money. Thank you. (APPLAUSE)

Mr. SPEAKER: The question....

Mr. W. O. FRANKLIN: Mr. Speaker, Sir, just a while ago, I remarked to the Honourable Member for St. Michael East that my faith in this Honourable Chamber was kind of restored after I listened to the Honourable Member for St. James North in which he made a speech which was as near to being statesmanlike as I have heard for a long time.
5.40 p.m.

Then when I heard the measured tone of the hon. member for Christ Church East and the very constructive opening remarks by the hon. member for St. Michael South Central, when I got to the end of that, Mr. Speaker, I was indeed very happy that this debate had taken the tone where there was a very measured approach to the situation that Barbados was now in. We have moved from the stage where the hon. member for Christ Church East had said that there was a task force, to the stage where the hon. member for St. James North advocated that in the spirit of patriotism we on this side should advocate some measures needed at this particular time. It really in my opinion was a high point in this present House of Assembly.

But I am afraid, Mr. Speaker, that what we have seen previously, which bears very importantly on this present situation in Barbados where the divisiveness in the community because of the political approach by both sides had got this community to the stage where there was no togetherness, where we have lost the will to face the future together, where we will say we are all Barbadians and fire a drink together, I am a little surprised and a little hurt, Mr. Speaker, and a little disappointed that I have to conclude that all the good that was done by the previous members who spoke on this debate has partially been removed by the last contributor to this debate.

Mr. Speaker, I want it to be known on that side and on this side that there is no one who is more a Barbadian than I am, and they on that side can be certain that there is no occasion if there is any problem in Barbados that will give me any joy whatsoever, and I consider the constructive criticisms on this side as part of the contribution of the Opposition to alert the Government what is the possible outcome, and if you are forewarned you will naturally look for the solutions. I therefore think that the Opposition has been performing what is a constructive contribution to this debate, and in that light I can only offer my congratulations to the gentleman who led on behalf of the Opposition. It is in this light, Mr. Speaker, that I timidly tread in this debate and hope that what I will draw to the attention of the Government they will consider, because I only seek to alert them of some possible outcome of the measures that were introduced and the possible solutions they would have to look at.

I am more particularly concerned with the area of domestic borrowing and domestic credit. As was so ably said, we have to look very carefully to the manufacturing industry if we are to come out of the present situation, and it gives me no pleasure to call it a crisis, but I am a firm believer that if there is a serious problem in the family the way to do it is to bring the family together, level with the family, let them know what the problems are, what the solutions are, and not to apply the medicine bit by bit but to apply the dosage that is necessary. If it needs to be a massive dose let the patient have the massive dose, and you can only do that if the family is united to give the patient who is ill the necessary will to pull through the dangerous period. I am saying that this is a time for national unity and I would frown on anybody who would seek in any way at all to continue the divisiveness in this community instead of unifying it. I can say that anything that tends to give the impression that any previous administration of this country has done nothing towards the solution and the advancement of its people would only continue to divide the community, and we in this present Assembly must work non-stop to heal this divisiveness.

If you look at the manufacturing sector, as I said, and more particularly the domestic situation, what do you see? First of all, we noted that the measures from the Central Bank call upon the commercial banks to deposit now 25% instead of 20%, so in reality that is a 5% out on the domestic credit market. Secondly, we note that the instruction from the Central Bank is that personal credit must be reduced by 10%. That, Mr. Speaker, is in an effort to control consumer spending on items for which we have to use a lot of foreign exchange. But the section that I would like the Government to think through very carefully is that when you remove so much funds from the domestic market, and further when Government through the issuing of two issues of Treasury Bills, the first for \$25 million and the second for \$60 million, would in effect be taking an additional \$85 million out of the domestic market, there is going to be, and there must be very serious competition for the remainder of the liquid cash in the banking system among the business houses of this country.

If you look at the local business set up you will notice that the section of the business set up that has been growing fastest is the distributive trades, and it is well known in Barbados that the distributive trades are presently commanded by old established houses that have had their roots for a long time and naturally would have established their type of credibility with their banks that they would have first call on any available cash in the banks. But if you look seriously at what has happened in that sector for the last five years, you will notice that there was massive capital expenditure by all of the big

distributive houses. If you go down to Spring Garden you will see a multi-million dollar complex, if you come to Deacons Road you will see a multi-million dollar complex, if you go to Eagle Hall corner you will see another one under construction, and one of the groups has gone into the hotel industry.

What I am trying to say is that this sector of the community has not been putting by a lot of their profit towards the situation where they themselves can finance their own business, but have been taking part in massive capital outlays, which would mean that they are still competing with the smaller businesses that of necessity are going into other avenues, mostly manufacturing that we are looking so carefully about, for the money on the local banking situation. It is my conclusion that any time there is going to be a shortage of domestic credit that naturally these old established institutions, particularly in the distributive trades, because of their track record would have first call on the available credit in the system, which would naturally remove a lot of that credit from manufacturing and younger businesses that are heavily dependent on banking facilities for the development of their business. So it is a very great concern on my part that the said manufacturing sector that we are looking at might not have a very serious spinoff by the non-availability of facilities in order to allow them to continue and expand their businesses, which naturally would be geared to bringing in foreign exchange and riding us out of the present situation that we are in.
5.50 p.m.

It is in this area, as I said, that my objective is to draw the possible problems that might result out of Government's policies to the Government's notice so that they can have a look at them and seek a possible solution. As far as the situation in the private construction industry is concerned, I have already alerted the Minister of Housing that he has to watch it very carefully. What we introduced before the present pronouncements by the Governor of the Central Bank was that the mortgage institutions were contending that the spread between their lending rate and the borrowing rate was too small to enable them to make any profit, and as a result a lot of lending institutions, particularly mortgage financing houses had reduced their portfolio considerably.

When the Hon. Prime Minister and Minister of Finance brought his mini-budget as we called it, he quite rightly said that because the spread between borrowing and lending in the mortgage sector was too small that he would increase the mortgage rate to 12% from 10% in an effort to allow those institutions to have a wider spread so that they would be able to borrow, but then we noticed that when the Governor of the Central Bank made his necessary measures, he upped the savings rate and reduced the spread again to the same spread that the mortgage people complained they could not operate

within. So the Minister of Finance on the one hand widened the spread to allow mortgage institutions to be able to put mortgages out for the private sector, and then one week later the Governor of the Central Bank came and reduced the spread to the same spread that the mortgage institutions were complaining they were not able to operate within.

I am therefore saying that you have to have a look to see that if they could not operate before on a 2% spread, they would be hardly likely to operate on the same spread because for the last Treasury Bills that were on the market, 9.91% interest was paid for them, and I would only assume that for the present issue of \$60 million the interest rate could nearly reach in my opinion about 10%. Therefore in a situation like this you are going to find that the mortgage houses are going to be hard put to mobilise funds to put into mortgages for the private sector and as a result these are two areas that could suffer.

Mr. SPEAKER: I wonder if the hon. member is speaking to the measure before the House.

Mr. FRANKLIN: Yes, Mr. Speaker. What I am seeking to do with your permission is to show that we are today seeking external loans which impinge on the overall Government loan and capital programme. It is in these two areas, Mr. Speaker, that I would alert the Government to look to see if these negative results do not result from the mortgage policies as pointed out by the Minister of Finance and the Governor of the Central Bank, because if they have those negative effects, you will find that there would be a slowing down in that sector which would cause unemployment and most of all the manufacturing sector that we are looking at as the salvation to pull us out of this might jolly well be affected in a way where they can be under-capitalised without access to facilities because of scarcity on the market.

Mr. Speaker, it is not my intention to criticise for criticising sake. I only want to alert the Government that they must expect certain results from the measures that they have introduced, and where the result has an opposite effect to what was intended, it is our intention on this side to draw it to Government's attention so that they can look at it early and find the counter measures that would enable us to come out of our difficulty, our crisis, whatever you want to call it, and you can be assured that all of us wish to come out of it as soon as possible for ourselves and for the people of Barbados.

Mr. GREAVES: Mr. Speaker, the capacity to reduce a very serious debate to the ridiculous amazes me. I cannot help but make this observation, Mr. Speaker. After hearing the hon. member for St. Michael Central's contribution, I want to make this quite clear. We on this side

and I certainly do not consider myself to be in any race with those on that side. It is not a question for us as to which side can do better or which side cannot do better. I think the livelihood of the people of this country is too important to be reduced to a race between the Barbados Labour Party and the Democratic Labour Party. I believe, Mr. Speaker, that our over-riding interest lines in what is best for the people of Barbados, and if in our opinion something has happened that falls short and deprives the people of this country of what we think is best for them, I think it is our duty to call it to their attention. So the question of our racing with them is not important. The important thing is the people of this country, not the Democratic Labour Party or the Barbados Labour Party.

Let us face facts, Mr. Speaker. \$200 million in capital works is a very large sum of money. I myself have doubts of the capacity of the Government to perform and to deliver capital works of this order, because I do not believe that there are sufficiently structured or structured properly and efficiently to carry out this kind of programme. Make no mistake about it; and even if as we understand now from the Hon. Deputy Prime Minister that in fact about \$165 million of the \$200 million in capital works are to be carried out in this financial year, even that is a very large order, and to ask the country now to borrow a Euro-dollar loan of the order of \$60 million (Barbados) is a very large loan to borrow. However you look at it, it is a lot of money.

Five years ago the public debt of this country stood at a little over \$200 million. Today that public debt if we are to approve this loan will leap to treble which is something that people must bear in mind. The problem is that frankly I cannot see the amount of infra-structural and other developments that have taken place to warrant a public debt of this order. I assume the answer will lie in the fact that the Government has indulged in considerable borrowing in order to support the current account.

Now the hon. member for St. Michael Central said that some years ago the Democratic Labour Party Government borrowed money for the purpose of paying salaries. Every Government borrows money to pay salaries, Mr. Speaker. What is the purpose of Treasury Bills?
6.00 p.m.

Treasury Bills is borrowing money for the purpose of floating loans by way of Treasury Bills and the Government should have ready cash particularly at this time of the year and the month of March. The Government should have ready cash in order to finance its services, including the payment of salaries. Every Government does this every year and more than once a year.

Treasury Bills, as you know, Sir, is short-term borrowing but we must be concerned when we go on the world market. We must be concerned, in order to

borrow money, in order to support the current account because it could mean in the long term that we might very well be consistently borrowing more money and spending more money than we are ourselves receiving.

Now, this is one of the problems and anytime any concern, whether it be Government, a company, a firm or an individual is spending more money than it is receiving, that, whatever it is, Government, company, firm or individual is heading towards bankruptcy.

I would like to know, Mr. Speaker, the capital projects for which it is claimed that this money is being borrowed. I would like to know this. Now, as I said, just now, the Government has budgeted \$200 million in capital works and it is all set out in the Estimates. I would like to know the actual capital projects that this money is being borrowed to finance. Nobody has yet told us why this money is being borrowed. We are being told that this is being borrowed to finance capital projects. What are the capital projects that this money is being borrowed to finance? I think, Mr. Speaker, that we are entitled to know this. Is it the Cement Plant? We have not been told this. I do not know what capital projects are being supported by money of this order and I think that I would like to know this.

Mr. Speaker, however we look at it, the economy of Barbados today, if not in crisis, it is a beleaguered economy. Frankly, Sir, there is nothing of any consequence going on in this country today. We have just completed, we are told, the Samuel Jackman Polytechnic. The other projects, I believe, of a major concern are still on the drawing board. There is nothing of any consequence that is going on in this country today that I can see of an infrastructural nature or a developmental nature. (ASIDES)

I have seen a road cut in St. Barnabas. I have seen a road marked out, if you want to put it that way, in St. Barnabas. Capital works in the Black Rock area have come to a halt, I understand. Heywoods is scotching along. I pass there every week. Nothing much appears to be going on in Heywoods. We see a road, Sir, in your constituency which we hope will be completed because it would enable me to get to the northern most parish much quicker, that Speightstown By-Pass Road. I would like to see that completed.

I want to make it clear. I would like to see Barbados developed. I do not care who develops it. I want to see considerable development in this country because I would like to see the day when this country could be considered a developed country. I would like to see this. Frankly, I would like to have a hand in it. It would give me great pride and I would feel extremely honoured that I would have a hand in this and from the look of things now, it would not be long before this happens. (APPLAUSE).

I want to make it clear that I would like to see this happen and happen until death. I would welcome that. I want to make that clear and as the hon. member for St. Philip North has said he is a Barbadian. I am a Barbadian and I want what is best for my country because I believe when we get the best for our country that my children would be able to live in what is best as well. I want to make that absolutely clear.

I want to make it clear now, too, that I regret that Barbados is in the condition it is in today and it is my belief that Barbados need not have been in this condition. I am not saying that things would not be difficult because we are not exactly immuned from what is going on in the World although if you were listening in times past to hon. members on the Other Side, we believed that we had the greatest economic financial genius that the World had produced and it did not matter what happened in the outside World, Barbados would always be better than most. This is the impression that one had got, but I know, I have been well aware that we have been practical about these matters.

The measures that were recently announced in order to fight what the Prime Minister called strong recessionary pressures, there are austere measures, very austere measures not only the measures announced by he himself but also those announced by the Governor of the Central Bank but it is my contention, Mr. Speaker, that these measures have come too late.

Anyone, any student, reading the graph would have seen from last year that the situation in this country was that if nothing was done or too little was done in order to correct it, would bring us exactly to the position that we are in today. I spoke about this myself. We have all spoken about this, but no.

We got the boast in the Financial Statement and Budgetary Proposals where it said that "revenue up by \$85 million." Since last year it was known that the economic situation in Barbados was bleak. This was known since last year. Measures should been taken then in order to arrest a deteriorating situation because all the indicators were there but we could not do this.

We were told that "the revenue was up by \$85 million, the third successive year of balance of payments surplus, healthy foreign reserve surplus in 1980." These are all the things we have been told. "Improvement in employment position, \$20 million on current account," all this beautiful \$20 million on current account and now he is sending us into the hands of the Orion Bank.

On top of all this, instead of taking measures in order to correct the situation that was developing, what did we have from the Prime Minister and Minister of

Finance in his Budget? He took steps that increased revenue by \$3.1 million and all the steps he took created a revenue loss of \$18.6 million.

Now, we are in a difficult position and this is what the Minister of Finance is doing. He is giving back \$18.6 million, reducing revenue by \$18.6 million and only realising a revenue increase of \$3.1 million. There is a net loss of \$15.5 million.
6.10 p.m.

Does that make any economic sense? Does it make any economic sense? I want to make this statement here, Sir I do not believe that the Central Bank is blameless in all of this. I believe the Central Bank took some measures at the beginning of this year. Naturally, the Central Bank is going to be cautious. I read the Governor of the Central Bank yesterday say, he holds his position at the pleasure of the Rt. Hon. Prime Minister. I believe the Central Bank itself has taken some serious measures so that we would not be in the plight that we are in today. But, of course, the time was not opportune, the time was not opportune.

We are left then with a situation, Mr. Speaker, of a Balance of Payments gap that is widening. This is precisely what the Rt. Hon. Minister of Finance told us. Foreign Reserves are dwindling and the Public Debt is soaring. This is what is happening to us today. Make no mistake about it, in these difficult times, it is unfortunate, but true that the hardest hit will be the children and the poor people of this country. The children, for reasons that they are now four times, probably eight times worse off than they were before. Your arithmetic may say four times, but things are more difficult for them in being able to move from point "a" to point "b" as well. That also has a multiplier. The children must be eight times worse off than they were before and, of course, the poor people, because the high interest rates that this country is forced to carry today, it will mean a number of things for people, particularly, poor people. The wealthy will not suffer as much because they are in a position, they are better placed to absorb these kinds of economic shocks. Poor people cannot. High interest rates will mean that the business places that sell goods to poor people will pass on the high interest rates to the buying public. It could also mean, because Mr. Speaker, the business houses today are finding it difficult to get loans or to support their businesses and when that happens, as is happening, it means that the time will not be far off when these same business places will be forced to lay off staff. So, staff will be laid off, goods will be increased and who is going to feel the effects of this? Not the rich, not the wealthy, it will be the poor people of this country who would feel the effects of these things.

So, I am a very concerned person, I am a concerned citizen. I am concerned about — as I have been for a little

while — about the economic direction, as well as the economic position that we are in today. We are going to borrow \$60 million. We are told, by the Central Bank that the savings in this country are higher than they ever have been. Savings are higher, yet, the people cannot borrow money. I do not disagree that in these times we need some restraint, we need restraint.

One of the problems that we are facing is that when they came to power in 1976, they dismantled some of the apparatus we had built in that would have prevented us from being in the position we are in today. We did not have to have at that time — let us go back to 1976. We ought to go back. Employment then was not any 22%, it was 13.1% and they are bound to know this. The Honourable Minister of Labour is not here, I do not see him in his place. If he looks back at the files he will see it. We get the figures from the same people that they get their figures from today. The same people that supply them today with figures supplied us in 1976. 13.1%. I will produce it in good time to this Honourable Chamber.

In 1976, we had some restrictions on things, on little things, if you care to call it that, but on those little things, it meant we had import licences and we had restrictions. They came in in 1976 and they abolished, I dislike the word, they did what they did with import licences. That is right. Talk about corruption. Using the import licence system, you were in a better position to control the importation of goods into this country. We were allowed to bring into this country in 1976, a lot of trash to sell to the people of this country, unnecessarily. It was not necessary. It is not true that Jamaica did not take any steps in terms of restraint. They did. I heard the Honourable Member for Christ Church East say this. Jamaica did take steps. That is not true. So, this position that we are in in 1976, we left them with the Foreign Reserve position, a level of Foreign Reserves at sixty plus million dollars. It did not take them two or three months before they dwindled it down to \$20 million. I do not want to get into this atmosphere of boasting or I told you so. We want to see, Mr. Speaker, what is best for this country. That is what we all want to see. I am not so sure that we have been sufficiently taken — the people of this country — into the confidence of the Government.

It was not until after the Elections that we heard it being admitted for the first time, that things were not so rosy after all. It is not sufficient for the Rt. Hon. Prime Minister, from as far away as New York to make a pronouncement that there is a little imbalance between the Expenditure and Revenue and you know when he says a little imbalance between Expenditure and Revenue that we are in for a very rough time. That is not sufficient. Let the people of Barbados know this in Barbados, do not tell us this from the safety of New York. We want to know all these things. When the

country is in a difficult position, tell us, let us know. We are in this thing together.

When this Honourable Chamber began its debate on the Resolution proposed by the Honourable Member for St. Michael South Central — that debate is now concluded — that very week, there were persons from the Orion Bank in this country and the Government was then negotiating a loan. We heard nothing about that. We have to be told the full truth and what we should also be told is, what is the exact I do not want to be told 3/8 and 5/8 above the prime rate. I do not want to be told this. I would like to know if it is true that the rate of interest charged on this US\$30 million loan is 22½%. That is what I would like to know. If that is not true, then tell us what that rate of interest is, so that we can understand it. (ASIDES) Let us know what it is (ASIDES) But the interest rate does not fluctuate every day. The interest rate fluctuates every day, but not on the loan that we are borrowing. We are borrowing on a loan. Tell us what this loan is. Is it 22½%? Let us know if that is true. I think, Mr. Speaker that if the Government would take the people of this country in its confidence more, that some of these problems, sometimes when it looked hard, could be avoided.

6.20 p.m.

Finally, Mr. Speaker, I would like to warn the Government. I would like the Government to take what I have said here not so much as a criticism, because I have found that from time to time when one speaks in here — and frankly, the Opposition has got to be critical, but being critical does not necessarily mean destructively critical — I have found that it is interpreted on the other side as though perhaps you are indulging in an exercise that you have no right to be indulging in. I want the Government to take what I have said in the spirit in which I have said it. I do not know how they are taking it, but I believe that if we would do this that we would find ourselves better placed and able to fight the problems as they arise from time to time. Thank you, Sir.

Hon. H. deB. FORDE: Mr. Speaker, I have listened with interest to the main spokesman and the subsidiary spokesmen for the Opposition, and I am at a loss to understand whether or not the Opposition ever takes time to reflect on statements made in this House by the Minister of Finance and by the principal spokesmen on the Government side.

It is said, for instance, by the last speaker that the Government never warned the country at any time that because of the economic situation existing in the world economy today, that there was likely to be a downturn in Barbados' economic performance. Mr. Speaker, it is very easy to rebut this statement by merely reminding the House of the statement made by the Minister of

Finance as recently as Tuesday, March 31, 1981 in his budgetary proposals, and I read from page 2 of the Report. He began by saying:

"Mr. Speaker, I want to make it clear that it is not my intention this evening to create an atmosphere of complacency in Barbados. Indeed, it should be apparent to all observers of the international scene that the world around us in the next two to three years is not going to be a particularly comfortable place for developing countries.

The short-term outlook for the world economy therefore remains sombre and as on previous occasions when we have been faced with uncertainty, I feel it necessary to repeat earlier calls for the cooperation and restraint of the Barbadian public in enabling us to chart our way through these rough waters successfully. In particular, I believe that we should heed the words of warning of one of the most illustrious sons of the West Indies, Sir Arthur Lewis, who in a recent address in Jamaica stressed the need for Caribbean countries to become more self-reliant. Self-reliance requires discipline and restraint. It requires increasing savings and restraining consumption. It means producing and consuming more of what we use. Above all, it means not making excessive demands on our productive capacity, and not living only for today, but thinking also of tomorrow."

Mr. Speaker, every step taken by the Government can be justified on the basis of all of the phrases used in this introduction, and if anyone has been familiar with the economy of this country for years, they would recognise that the Minister of Finance was saying quite clearly that in an open economy such as we have, whenever the world international economic situation changes, as the hon. member for Christ Church East has said, we have to begin to tighten our belts and we have to be prepared to practise restraint and discipline. This will begin with tighter credit facilities, the restriction on the consumption of money and goods, and we have to look to producing more. Now that, in my view, is the correct policy for our economy at this time.

Barbadians pretend that we live in a world in which our beautiful island is completely unique in all respects. We believe that where interest rates have soared in our principal trading partners and in our principal investment markets, that interest rates should remain low here. I cannot understand how the simplest schoolboy will not recognise that if we are depending for investment capital from outside, and if we are depending on investors who are already here to maintain their capital within Barbados, that we have therefore to take regular stock of the movement of interest rates overseas and to recognise that we

will adjust our interest rates to maintain money here or to attract money in Barbados.

Any criticism of an increase in the interest rates at this time must come from someone who merely wants to score a political point based on expediency rather than on a proper analysis of the economic indicators of the world economy. It is obvious that we cannot maintain and could not have maintained an interest rate on mortgages of 10% in a situation where the banks were borrowing at 18 and 19% to bring the money into Barbados to relend in Barbados, and it is obvious that even if we use the full mechanism of exchange control regulations, we could not maintain and retain in Barbados money to be lent out at low interest rates, when on short term lending overseas it was possible for those investors to get a higher income from their investments. Mr. Speaker, not only is this true in relation to persons who are investing on mortgages or bonds, it is equally true in relation to those persons who have equity holdings in Barbados, because if I have shares in a company and my effective yield is only at somewhere between 7 and 10% per annum, there is no way that I am going to maintain those shares if I can take the same capital, get it outside of Barbados, and even on short term get an interest yield of 17 to 18%. (Mr. GREAVES: How will you get it out?). The hon. member asked *sotto voce* how will I get it out, for the simple reason that quite a few of the persons who have registered funds in Barbados would be the first who would be shifting those funds back out of Barbados, and under our international commitments we have to allow them, even if we phase the period during which they remove the money, to remove the money that they have registered with the profit over a period of time. This has been known to happen, and I will give the hon. member an example.

The hon. member will recall that it is less than two weeks ago when the stock markets in England and in the United States fell some 78 points in one day because people were cashing in shares and equities and investing in short time lending at the high interest rates in the United States. The hon. member must know that. What makes Barbados so special and so immune that we cannot recognise and get into our heads if we are to be sensible that international economic recession and adverse conditions overseas must force any sensible Government who has sense of character and a sense of direction of the economy to take measures that will hurt. We are not taking them because we want to squeeze people in any sector of the economy, we take them because we know that sometimes just as a sick body needs medicine which might be distasteful we have to give it at the right time, the right dosage to get the body politic functioning again.

6.30 p.m.

One of these measures, where the Government finds that it does not want to go into total recession, must be to borrow even if it borrows here as it is borrowing on short to medium term in order to continue its capital works projects.

Now a lot of talk has gone on here this afternoon, Mr. Speaker about the position of the national debt. People are always afraid when they hear about the national debt. I believe it is easy to explain this to any Barbadian whatever class he went to at school. A Government borrows for capital works because these capital works have a life span. There is no point paying fully for a hospital today or a Deep Water Harbour if I may take one that has a rate of return because we have the money even if we can get the money at reasonable rates and stretch the repayment over a period of years for the simple reason that the benefits of the Deep Water Harbour are not only for the present generation, but are for generations in the future. It is nonsense to believe that future generations of Barbados must not be made to pay for some improvement in the quality of life today. The hon. member agrees with that general proposition. So there is no need to fear a national debt provided that you can service the national debt regardless of whether you use any of the indicators which have been referred to there this afternoon.

I want to take issue with the hon. member for St. Michael South Central when he gets up and decries the criteria of the relationship between the National debt and export earnings and says that this is not a satisfactory and reliable way in an open economy of judging whether or not your national debt is bearable to a country. Just the opposite is true because if you take an industrialised country like Japan or Germany or the United States one of the reasons why you do not use the criteria of export earnings is because most of that debt is held in any event, particularly in the United States, by the domestic banking sector, and therefore to relate it to export earnings in itself is not as useful an indicator as it is when you are dealing with an open economy with a limited banking sector and a currency that has no respect other than within its own country's borders and context. I believe the hon. member as an economist-theorist completely misunderstands the basis of public finance and that he listens to bits and snippets from here and there and uses them when he thinks effectively to confuse the few people who have probably never read a book on public finance.

The hon. member for St. Michael South has at least had Professor Press and I am going to ask him to lend it to the hon. member for St. Michael South Central so that he can get this clearly in his head. The point we are making is that in terms of the export earnings of Barbados, from the late seventies right through the

eighties our national debt as a percentage of export earnings is within more than manageable limits using any criteria and looking at the standards whether of a developed or undeveloped country. I believe, Mr. Speaker, it is somewhere in the region if I can put my hands on the figures, of about 1.9% for 1980 and it fluctuates between 2.5%, 2% and 2.1%. Earlier in the Sixties it was the highest component of external earnings and if you use the indicator as a percentage of GDP you will see again that we are manageable, and if you compare the figures for the last two years of the Sixties, the hey-day of economic boom of the Democratic Labour Party after the foundation that was laid you will find, and I am reading from the Central Bank Quarterly for December, 1980, an article by Miss Zephirin to which the hon. member for St. Michael South Central referred, that in 1965 it was 16.2%, in 1966 it was 15.2%, in 1967 it was 14.9%, in 1968 it was 13.9%, in 1969 it was 12.8% of GDP and nowhere between 1975 and 1980 has the national debt and a percentage of GDP been that high in Barbados as it was in the years 1965 to 1970 under the Democratic Labour Party. It has been something like 6.3%, 6.4%, 6.3%, 9.1%, 9.4% and 11.2% between the years 1975 and 1980 under the Barbados Labour Party. That is two of the three criteria which are usually used by a country to determine whether the country has the capacity to service the national debt, and particularly the external component of the national debt, where you owe money to people outside whether you can cover that from your normal earnings, cover not only the capital repayments but your debt service ration in general including interest payments and any other fees that you may have to pay to the people who have helped you to raise the loan.

These are the indicators and as late as March 1980, that is the last report I had from the World Bank, the World Bank was saying of Barbados that Barbados had one of the lowest debt service ratios on any of the three criteria for a developing country of its size, and that therefore it was a tremendous credit risk on the international market.

I think it is highly irresponsible, Mr. Speaker, for any Shadow Minister of Finance to get up and talk that Barbados is virtually bankrupt in order to make the headlines of a newspaper. I expect from a Shadow Minister of Finance that he would not make hyperbolic statements in pejorative language unless he can bring the facts to prove them, and this afternoon that is why *sotto voce* I was challenging him to use his indicators to give us the facts and not just make a conclusion unless you can prove your conclusion. He has no obvious means. It sounds pretty to the public at large, but that statement in itself, if people do not know the hon. member, could lead to a ruinous run of investors who were coming to the country or who may already have been here. One has

to deal with it because as I said earlier today in the debate, Mr. Speaker, the danger is that Barbadians can run themselves down and do themselves more damage by the pessimistic image that they are painting of themselves rather than looking at a realistic approach, an approach asked for by the hon. member for St. Philip North when they are dealing with their own economy. Let me put it another way, Mr. Speaker. We cannot isolate our economy from the effects of what is happening in the world. There are certain measures that no matter which Government is in power must be taken if you believe in Barbados to put our economy on an even run. It is unrealistic to assume that the economy will always run smoothly. The economies of all of the industrialised countries in the world today are in seige.

In the United Kingdom you have your highest rate of unemployment since the 1930s, since before Beveridge. In the United Kingdom you have today the position where the pound after a limited period of soaring against the dollar is down. In the United Kingdom you have inflation that is still not brought within manageable proportions. That is one of our principal trading partners. The economy of the United States is fighting back from a position of seige. In one way you get almost a negligent manner, a careless manner or attitude, if I may put it that way, towards underdeveloped countries, high interest rates in order to attract money from wherever it comes regardless of whether it is the Middle East, Barbados or whatever into the United States so that the investment flows there, and in the process you get the United States dollar strengthening and affecting our export earnings. The hon. member for St. Michael South Central talked about the balances offsetting against the losses.
6.40 p.m.

Now, whilst it is true that some of the prices of our goods in the markets of the U.K may come down, it is not true, however, that the price of goods for us coming from the U.S., which again is our principal importing country for us, coming down because we are having less in export earnings to pay for the same and more volume of goods going up in inflationary costs coming from the United States here to Barbados. That is the whole point.

I do not understand. I do not know why he does not leave economics to the hon. member for St. John (ASIDES). Speaking from the front bench, my old haunt, Sir, I enjoyed it, Sir, seeing from all sides. Hon. members want me back on the front bench sooner than I had intended, Sir.

The situation is that today it is not true. It just is not true as an economic analyser to say here that because our dollar is pegged to the United States dollar and the United States currency is increased that it means that any

losses in export earnings are covered by the falling price of goods imported from countries whose currencies have gone down. That is not true. The statistics do not work out that way and anybody in the Economic Planning Unit can tell him it is not true and if he looks at our trading figures and has recognised how much our trade has shifted to the North American position, including food, he will recognise that that is not true either.

Now, Sir, I want to say that borrowing can only be one of the measures which a country must take. I believe that this loan is a favourable loan given the external economic conditions and I believe that the grace period will help the Government to reconstitute its finances and to get over the rough of which the Prime Minister spoke, the rough international economic marketing conditions.

I want to make a few statements about the duty of some of the other countries. I expected the Opposition to come in here this afternoon and join in voices, Sir, with me and with the Government in making a plea to countries like the United States of America to stop sending delegations every year and with every change of Administration to do another report and to come up with another plan.

We had the Andrew Young team. We had Habib in 1976. Prior to that you had some other people, Rockefeller. This time we have another Ambassador, Anderson on the Caribbean Basin Plan, wasting the precious time of Government Officials and Ministries on an exercise that is fruitless and when really analysed is only for boosting American Companies really re-distributing goods from using a location in the Caribbean like Jamaica and selling the goods back to the Eastern Caribbean and they are raking off the profits and telling me that they are going on a trade and aid investment.

When we asked the United States in situations like these, if they really want to see democracy preserved in the Caribbean, their duty is to make money available, not only by giving small bits of money to the private sector and saying that they are boosting the private sector in the Caribbean, but looking at genuine democracies like Barbados and ensuring that the International Financial Institutions and their own bilateral policies help us through the rough that they are creating in the international economic climate. That is what I want to hear the shadow minister of finance doing to let him see that we have a bi-partisan policy on areas such as this and that the interest of Barbados is supreme.

We all have our differences. We all want to be in power and we have to fight for it but there are times that we have to forget, regardless of whether we are in or out of power and try and stand up in the interest of Barbados. That is what I want to hear him say. I want to

hear him saying a bit more. Mr. Speaker, Sir, that this loan will give the Government an opportunity not only to continue their projects but that he will join with the Government in rescuing an important sector of the economy.

You know he spoke in here, Sir, but he has not given us one concrete proposal. The proposal for a task force came from the hon. member for St. Michael South, an enquiry, but I have not heard this shadow minister for finance get up yet and given one concrete and constructive proposal as to how he would solve any crisis in Barbados. Let me give him one, Sir, and perhaps he can listen to the hon. member for Christ Church West Central. He has some knowledge of sugar. He has been around the Union long enough to understand the Sugar Industry in here, Sir.

The Sugar Industry in Barbados employs directly 7% of the work force in this country. It contributes indirectly to probably something like 12% of the population of Barbados. It is a major earner of foreign exchange. We have still not found one crop that could replace sugar for the benefits that sugar brings to the economy.

Now, I am saying that the Sugar Industry in this year and projected into next year will lose \$60 million to the people in sugar of which a large proportion would be from the Government public fund because the Government is the biggest holder of sugar lands in Barbados today and the Government does not mean the hon. member for St. John, or the hon. member for St. Thomas or anyone of us in here. It means the people of Barbados who are the biggest stakeholders in the Sugar Industry today. A lot of people are not following the changing economic pattern in Barbados in the ownership of the resources of the country and carrying it to its logical conclusion.

The Government cannot allow the Sugar Industry to be beleaguered either on the basis that the Government is the principal stakeholder in the Sugar Industry by direct ownership and secondly, because the Government has a vested interest both on the basis of the Government's interest in revenue and the Government's interest of maintaining employment and foreign exchange in seeing that sugar maintains its viability.

Now it is cheap politics to get up and to be talking about you are taking money that has been set aside — I heard the hon. member for St. Michael South Central say before that he is against taking the sugar workers money and putting it to rescue any plantation owner. I have heard him on that, Sir. That is a facile analysis of the position of sugar in Barbados today.

Dr. HAYNES: On a point of elucidation. The hon. member should be more specific. What I objected to is the method of re-organisation of the various sugar levies.

Hon. H. deB. FORDE: I understand then that the hon. member is joining with me in saying that it is a correct policy for the Government today to give assistance in capital on research and in the capital reformation of the Sugar Industry. (*Asides*). The hon. member says it depends on how it is done. There are various funds, not the Welfare Funds, which are being used to re-finance the expansion and organisation and loans, the Caribbean Development Bank.
6.50 p.m.

Sir, we have come to Parliament on this. We have had a debate on sugar in here, we have had a debate. No genuine Barbadian today can stand up and not help sugar. Now Sir, Herbert Greaves stood up in here at the turn of the century and fought for things like this and he was right. At the time, he probably got a lot of criticism both from those of his colour and those against him. Some of us have to stand up, even if we get the criticism of those people our colour. I am against slavery and the plantocracy for the bad effects it had, but I would be idiotic if I pretend today that I must allow that bad legacy to guide my vision of where I want to see my country survive and go in the future and therefore, deny the sugar industry the needed injection of Capital, if it is to reorganise and get back on its feet. I cannot do that, Sir. I would not feel happy in my mind. Even if — and I have said this before and it cost me the seat — I am one who is going to stand up publicly wherever I get the opportunity and if necessary, pressurise the Government in ensuring that the sugar funds are used for putting the industry back on its feet, in order to maintain the backbone of the economy of this country and I know I am right on the issue. I want to see the Opposition take the problem of sugar and the problem of the future of sugar out of the short-term political argument that it has become, in order to gain power, and put it where it truly belongs, as one of the sectors of the economy that needs injection at some time from public funds.

You see, Sir, it is alright to deny the public revenue by giving incentives to the foreign investor coming from outside, it is another thing, if we look at the people who are the internal investors inside and who have been carrying part of the front of the development of this country....

Mr. SPEAKER: The Honourable Member must now wind up his debate.

Hon. H. deB. FORDE: We are now dealing with the matter, Sir. Mr. Speaker, Sir, I am going to wind up the debate. I am much indebted to you, Sir, the Honourable Member is now talking, Sir.

In short, Mr. Speaker, I do not believe that the Government need to panic at this time. The Barbados

economy, if I may summarise, is no different from other economies that have short-term seizures. What it calls for is a Government that is determined to stand up on its feet and take measures, even if they are short-term, unpopular measures. I do not believe that maintaining power, at any cost, or gaining power, at any cost, is the test of true statesmanship. The test of true statesmanship is doing exactly what the Government is doing, taking the measures, even if we are unpopular, or tried to be made unpopular, correcting the economy and launching this country forward and upwards, as we know it can.

Once, the Democratic Labour Party had a slogan, "Advance". Everything which the Honourable Member for St. Michael South Central said here this afternoon was the slogan, "Retreat". We are advancing beyond the Democratic Labour Party. It is about time he gets into the modern stand, Sir.

SUSPENSION

Hon. L. S. CRAIG: Mr. Speaker, Sir, it is now 6.55 p.m. I think after very interesting debates on both Sides, I have no alternative at this point, Sir, than to suspend the Sitting for 45 minutes. Sir, for the purpose of dinner.

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

The question was put and resolved in the affirmative without division and Mr. SPEAKER suspended the Sitting accordingly.
7.00 p.m.

On resumption:

Mr. SPEAKER: This Sitting is now resumed. The Honourable Member for St. Michael South.

Mr. L. E. SANDIFORD: Thank you very much, Mr. Speaker. I really cannot be very long tonight. I believe that most of the points have been made already in this debate and I believe that the Government listened very attentively and with deep interest, indeed, with a great deal of concern to the points made by the spokesmen from the Opposition.

I am talking tonight about the role of Parliament and I am talking about that role, in relation to Public Expenditure and to public finance. I believe that as a Parliament, we would be failing in our duty, if we did not give detailed and close examination to the measures proposed by the Government for expenditure on the public services of this country. After all, it is one of the fundamental purposes of Parliament to examine expenditures and indeed, revenue, closely to ensure that

both Expenditure and Revenue are dealt with in the most efficient manner and so, it is in keeping with and for the purpose of contributing towards the examination of these functions of Parliament, that I am making this brief intervention in the debate.

Now, let us get some points straight from the start. We are all Barbadians and if our country is facing a crisis, we must all recognise the nature of the crisis and we must all try to do everything possible in order to ensure that that crisis, or the effects of the crisis is minimised. We are not saying that the crisis is coming. We are saying that we are already in crisis. This is not a case of averting a crisis, it is a case of dealing with a crisis that is upon us.

Let me make another point at the outset, as well. The proposals to increase the ceiling for special loans is being discussed and being proposed by the Government, against a background of finding funds for carrying out the Capital works programme. The Capital works programme for Barbados is important, it is vital, it affects the very economy of this country and therefore, as a responsible Opposition, it is in our interest and indeed, in the interest of the country that a reasonable and sensible Capital works programme should be in place. It is a matter of deep concern to us that a major part of that programme is now in abeyance because of the financial difficulties and the problems that the Government is currently encountering. If we do not recognise this position, if we do not recognise the nature of the problem facing us, then we cannot apply the right solutions, or any kind of solution for that matter, that would be relevant to the nature of the problem.

Now, I heard my colleague and friend, the Honourable Member for Christ Church West, who has now joined us on the Opposition Benches, his speeches, I must say, sound much better from over here than they do from over there and we, of course, welcome him out here. (ASIDE: No, no.) When I heard him speak about the policies of the United States Government, in merely sending people to the Caribbean to examine situations which have already been examined, you know, I said, perhaps, it is a good thing, I am seeing that old flash of brilliance once more, that incisive examination of situations because I never heard him make a speech like that while he was Foreign Minister and I think it would have had much more weight, if it were made from over this Side. We welcome you over here, that is alright.
7.50 p.m.

We welcome you over here. I believe the Leader of the House welcomes you over here, because he was a bit concerned that you were sitting down in the *primus inter pares* chair. He was very concerned that you were sitting down in that top chair where the Deputy Leader is now sitting down. I believe the Leader of the House was concerned about that.

Mr. Speaker, when I look at this particular matter, I am looking at the Barbados Estimates 1981-82 and I am on page 13 dealing with the abstract of Capital Expenditure. On page 13 of these Estimates I note that Parliament agreed to appropriate the sum of \$199.4 million as the Capital Works Programme for this country for the current year. When I look at the financing of that Capital Works Programme, I note that this Parliament approved, or noted the Government's proposals that \$184.8 million approximately had been secured for the financing of those projects. Some of the sources listed for Capital receipts for the financing of those projects included the Canadian International Development Agency (CIDA), the Caribbean Development Bank, The Inter-American Development Bank, the World Bank, the European Economic Community, OPEC, Lloyd's Bank International \$12.2 million.

In other words, the information given to this Hon. House was that the Capital Works Programme and the funding for that Capital Works Programme had already been secured and it was set out in the Barbados Estimates 1981-82. I notice that it said that the amount of loans to be raised was \$39 million, and Debentures, which I assume is a local borrowing in the local market, was an additional sum in there of about \$15 million.

The point I am making, Mr. Speaker, is this, that the difference between the \$184 million less the \$39 million as loans to be raised, giving a total of about \$15 million plus \$39 million, about \$50 million as the case may be, leads me to ask the question if all of this financing has been so clearly set out, why is it that the Government is coming down here today to Parliament with a measure for \$60 million after having told Parliament that it had secured the majority of funding for its Capital Works Programme? This is a major question which we must examine and we must ask ourselves. We must understand what Parliament is actually doing, and those of this Parliament who may not be familiar with what went on in the last Parliament, I am seriously suggesting that you should familiarise yourself with the Estimates for the year 1981-82 and understand that the Government of which you are part over there told this House that it had secured the funding for most of these projects, but that in terms of the loans to be raised they were looking for about \$39 million. And here it is today they are coming, not for the \$39 million, because already sums have been raised on the local market, but they are coming for a sum of \$60 million in conditions where the Government itself has admitted that they would not be able to spend the \$199.4 million for the full Capital Estimates. That is what they said on the introduction of those Capital Estimates in March of this year in this House of Assembly.

The Minister of Finance was pretty certain that they would not be able to spend that in this country, and

especially also in view of the fact that the Government has taken a deliberate policy of cutting back on its Capital Works Programme. So here it is from the outset you appropriate \$199 million and you tell us at that time that you cannot spend the \$199 million, it would be less than that, and then in addition to that you are telling us that you will cut back on your Capital Works Programme.

I merely point these things out and I would ask the Minister to explain to us why it is in fact that they are asking for \$60 million in these circumstances. What are you going to finance with this particular amount of money? Tell us exactly what are the Capital projects that you are going to finance, how is it going to be applied? Do not tell us in this Parliament that you are coming for \$60 million and do not know the breakdown of that allocation. I believe you should be in a position to get up and tell us how you are going to apply that \$60 million, because if you have all of this prudent and effective and efficient management, you must be able to get up and tell us how much of that is going for which particular programme, and set it out so that we can look at it and be convinced and be satisfied that it is being properly allocated.

I take it that the Minister will consult his files, I do not know if he has any of his officials around....(Hon. H. B. St. JOHN: I do not need them). You do not need them, you have the information to hand.
8.00 p.m.

I cannot go to the supermarket this week. I went last week and I can't go this week. You know how the prices are going up.

MR. SPEAKER: Is the hon. member addressing the Chair?

MR. SANDIFORD: Mr. Speaker, I would be glad if you would stop these asides. They are really setting me off.

Mr. Speaker, I know you are very much concerned about the rights and privileges of Parliament, and I like you am a dedicated Parliamentarian, I am a House of Assembly man, I like the work of Parliament and we will be in here for long periods of time.

I heard on one of the local radio stations that a loan for \$60 million from the Orion Royal Bank Ltd. was signed I believe, some time today. (Hon. H. B. St. JOHN: You heard the radio station wrong.) I heard that over a radio station that is controlled by one of the corporations, a statutory corporation in this country which operates under an Act of Parliament, the Caribbean Broadcasting Corporation, Radio Barbados. I heard that the Prime Minister of this country signed some agreement

with the Orion Royal Bank Limited in London. I would not put it any stronger than this at this stage, Mr. Speaker, but I want to know something about the privileges of Parliament. I want to know whether the authority given by this Parliament for the raising of special loans abroad which according to the existing legislation is \$100 million.....I want to know whether that ceiling has been surpassed, and what would be the authority for surpassing that particular ceiling, and whether the privileges and the authority of Parliament have in any way been called into question. I believe that the Acting Prime Minister would be in a position to answer.....

Mr. SPEAKER: I hope the hon. member is not asking the Minister if what an hon. member is alleged to have heard on a radio station is correct or not correct.

Mr. SANDIFORD: I am not really asking him that. I am really asking him whether the loan has been signed. (Hon. H. B. St. JOHN: How would I know; I am not in London.)

Mr. SPEAKER: That is exactly what the hon. member would be asking the Minister. You cannot ask the Minister this question. Having prefaced his remarks by saying he heard this on a radio station, he cannot be allowed to ask the Minister if what he heard on a radio station is correct. I just will not allow it. Erskine May tells you that you cannot ask him such a thing.

Mr. SANDIFORD: I would not ask him then whether the agreement was signed for \$60 million today. I really would not ask him that.

Mr. Speaker, I had some other points to raise, but in the circumstances I will keep these points for a more opportune time. I believe that those on the Government side have taken the drift of the argument that I am developing, and we on this side are advancing the arguments that this country is in a serious state, that we have got to give full disclosures on these matters, and we must be satisfied that the Government examined all of the options available to them, and that this was the most appropriate line or course of action to take in the circumstances. Up to now I do not think the Government has said what other options were available to them. They have not said that. The first speaker for the Opposition raised a number of queries and I hope that the Minister will address his mind to these particular queries.

Mr. SPEAKER: I take it you are referring to the hon. member for St. Michael South Central.

Mr. SANDIFORD: Yes, I am referring to him. We would like some specific information on the terms and conditions of this agreement. Does it mean that from year

five approximately the country will have to look for \$15 million or thereabouts to pay back to the Orion Royal Bank Limited? I would like the Minister to spell out these details for us so that we are quite clear as to the nature of the commitment that we are entering into. We heard a lot about 5/8% and 3/8% above the London Inter-Bank rate, LIBOR, but exactly what that rate is or what is the average rate, let us say, over the past year, let us say for 1980, we do not know. I believe the Minister can give us some information on that which would enable us to assess the exact commitment that we are making in respect of this particular loan. I believe that the rate ranges as high as 18% to 19% over the last five years, or in one year of those five years at least. What is that average? This kind of information is missing from us and has not been vouchsafed to us.

I believe, Mr. Speaker, that some time during the course either of this year or last year there was some change in the structure of this Orion Bank Limited, this consortium of banks. I believe that the entity now known as the Orion Royal Bank Limited is different in some material way from the entity from which the Government borrowed a few years ago. The Minister has not told us anything about that. Could he identify the banks which have come together for subscribing this particular loan? Is it the same outfit that financed the previous loan? All of this is information which the Minister should have given to us in his introduction, but for one reason or another he has not done so, and I hope that in his concluding speech he would give us the full information so that we can make up our minds on this side on the basis of that information as to how we will cast our votes on this matter.

8.10 p.m.

Hon. H. B. ST. JOHN: Mr. Speaker, Sir, there are a few questions raised during the course of this debate which I think I should reply to. It is noticeable in the contribution of the principal spokesman from the Other Side that he had identified what he regards as the problems confronting the economy and his fears of the Barbadian economy to repay its debt.

It is also interesting to note that the hon. member was very careful to escape the logic of his analogy. He has given us no clue as to what alternatives he would suggest given the situation that we are faced with with falling export receipts arising from factors beyond our control, given that if the Government is to continue to stimulate the economy in Barbados in the sense of having a level of economic activity which can support a meaningful employment programme, that our only alternatives are, either cut back on salaries, cut back on capital expenditure, borrow or raise tax.

The hon. member was a leading advocate in here of tax reductions. Well, the Government has given tax re-

ductions in Barbados, Income Tax reductions, abolition of Estate duties. The Government has given salary increases, generous salary increases so that we are really faced with a situation that the Democratic Labour Party are saying to us that their policy in these circumstances would be to cut back a capital development programme.

Well there are always arguments as to how much you can cut back on your capital development programme too. There are always arguments. This Government has said that the level of expenditure we feel that we can finance today, having regard to our present debt, having regard to our projections of revenue and our Gross National Product would be of the order of \$160 million this year. I have not heard from the Other Side what would they do in respect of capital expenditure in this Financial Year. I have not heard them.

We have, Sir, Mr. Speaker, only one suggestion and that is that instead of going here we should go to the International Monetary Fund or we should go to the Government of Trinidad. Now, making such a statement as coming from the Other Side, it seems quite clear to us that they are not really serious when they advance the view that they would cut back the programme, not having given us the levels of the programme, not having given us any proposals for increasing revenue but our position is clear.

As I said at the opening, the Government will insist that all tax arrears owing to the Government of Barbados are paid. We are not afraid of that. Let the message go clearly that between now and the end of this Financial Year, all tax arrears that are not under dispute, vigorous steps will be taken to collect them and that is some \$15 million.

All those professional people, all those merchants, all those people who do not pay their Income Tax all those who have collected pay from the workers and have not paid it over, they will be ruthlessly pursued. They will be ruthlessly pursued because we believe that the collection of taxes, having regard especially to the fact that the Government has been very generous in Income Tax reform in this country, that they should be collected so we expect that on current account, given a vigorous programme of tax arrears collection, that we will balance or have a small surplus but, the financing of a capital programme is a matter of more difficulty.

The receipts from International Institutions on a concessionary basis do not cover the programme. We have analysed the projects, we have re-phased some of the projects but we feel that projects like the Cement Company, the Heywoods Holiday Village and projects of an economic nature such as these, should continue because they would bring in revenue in the future to help repay this. They will add to the future earning capacity

of the Barbados economy. They will contribute to the diversification in the case of cement to a very, very important source of raw materials in the construction industry.

We have repeatedly said in here, Mr. Speaker, that the key to construction in Barbados is to reduce our dependence on foreign imported material components thereof. We have repeatedly said that the Cement Company is a very important project from the point of view of foreign exchange savings, from the point of view of permitting projects to be completed within schedule because some of the problems we get with completing projects within schedule now is a lack of availability of basic raw material such as cement so that some of this money is going to finance Government components of their equity in respect of the Cement Plant.

Do the hon. members on the Other Side object to that? They asked us for a Statement as to where the money is going to go. Well, that is one of the projects. The Heywoods Project is a project — (ASIDES). I refer the hon. member to the Leader of the Opposition. The Leader of the Opposition has always maintained in Parliament that there is no use anybody asking the Government how much of this and how much of that. He says all go into the Consolidated Fund and I reply exactly like that that it is all going into the Consolidated Fund.

Out of the general revenue comes current expenditure and capital expenditure so that if you have a current account deficit it will go to that. If you have a capital account deficit, it will go to that so I do not see the difficulty but I have already said that on the basis of the Estimates, on the basis of our projected current account, that we expect that we should have a balance or a small surplus on current account.

I cannot say that we will have a surplus now. I do not know if we will have another flood tomorrow morning. I do not know. I do not know when a World War is going to break out. I do not know, Mr. Speaker, Sir, when some great disaster is going to take place in the World and we are not going to have between now and March a good Winter Season.
8.20 p.m.

I believe, that upon the basis of the evidence that we have before us that we should have a reasonably good Winter Season and, therefore, the hotel tax, the airport revenue and the Consumption Tax should bring in some money between now and the end of the Financial Year. At the end of this month, the Corporation Tax should give us a clear indication, a reasonably clear indication of what our Current Account position would be. I can tell the Honourable Members, that we are very vigorous in our scrutiny of the Current Account expenditure

with the exception of a major supplementary to deal with CARIFESTA, we expect that on Current Account that we will be able to hold our supplementaries within a reasonable figure.

Now, Sir, on the question of Trinidad. Now, I would hardly have mentioned Trinidad in a debate, having regard to the fact, that Trinidad is at the present moment in the throes of a General Election. Even when it is not a General Election in Trinidad, it is very difficult to get decisions in Trinidad, far less when it is a General Election. I only want to tell the Honourable Members on the Other Side that Barbados has not been able to benefit from the Trinidad oil facility, to the extent that the public and others think that we have benefited and the reason is very simple. The Trinidad oil facility relates to finished products, fertilizer, diesel, finished products. Barbados imports reformat from Trinidad and an argument has been going along, as to whether reformat is a finished product or not. We have not drawn any money from the Trinidad oil facility in relation to reformat. So, therefore, the oil facility has been virtually meaningless to us.

Now, Sir, on Trinidad Capital market, one has to queue and the Caribbean Development Bank is in the queue on the Trinidad Capital market. So that, when we consider the question of our reasonable prospects in Trinidad, having regard to the fact that the decision-making process in Trinidad is pre-occupied with other matters, the Government felt, very clearly, that it would be inappropriate to embarrass the Trinidad Government at that time to ask for permission to borrow there. Get that straight.

Now, the Honourable Member talks about the IMF. Well, the IMF has a number of funds. The compensating facility for loss of export earnings, we investigated that too, and we found that because of the conditions under which you can draw from the loss of export earnings, we were not entitled to more than US\$2.5 million for our loss of sugar receipts because they use three year average of your export receipts from the particular commodity and in our case, that meant that last year's sugar earnings would have to be taken into account and last year was a very good year for sugar earnings. When it was precisely calculated, taking into account that rule, plus the fact that the special drawing rights have gone down in value, in relation to the US dollar, all we would have got is US\$2 million or US\$3 million and it was not worthwhile to go and ask for that small amount of money.

Now, the other parts of the IMF Fund, we frankly feel that, although we could go to the IMF without conditionality, under the second chance or first chance as it is called — getting back the money that you put in — that that is not really helpful. So that, we looked at that too, but we also recognise, Sir, that it is good,

sometimes, when you consider your alternatives to look at the situation and to let your people understand that the Euro dollar market is a market that increasingly, countries in our position will have to look for their Capital financing, having regard to the state of opinion in the major international countries in the world who have the voting power. Now, that is our position. We have investigated all of that.

Now, what other questions? The Honourable Member has asked us the question about the Rt. Hon. Prime Minister signing the loan. I have a draft copy of the Loan Agreement and it is very clear, Sir. It sets out very clearly that the conditions precedent to drawing money in the handwriting of the Solicitor General of Barbados is the passage of a resolution, under the Special Loan Act of Barbados. You have to exhibit that before you can draw money. So, you can always sign any agreement if they sign that. I do not know what the date is that they were to sign it. But the agreement is subject to a conditional precedent and as the Honourable Member, on the Other Side — who I hope is advising his fellowmen on the question of the Law — an agreement subject to a condition precedent which is unfulfilled is no agreement. I know that, it is no agreement. So, you could sign any amount of paper, unless the pre-conditions are fulfilled, the agreement does not come into force. So, that, I think, effectively disposes of the problem.

Now, Sir, we are well aware that the economy of Barbados is subject to fluctuation and is subject to dependence. It has a dependency on what happens abroad and I want to say this, Sir. I think our experience this year will show that the diversification of the economy that has been pursued both by this Government and by the previous Government has been much more successful than many people believe. Export manufacturing in this country is growing. Despite the recession in the United States, export manufacturing is growing. I believe that export manufacturing will continue to grow not only within CARICOM, but outside of the CARICOM market. A lot of time and a lot of effort are being spent in further diversification of our export manufacturing.

Secondly, the tourism industry is much less dependent on North America than it was before, much less dependent. The United Kingdom, and Europe and Latin America and the Caribbean spending, are almost numerically the same as North America. So, we have broadened our base there also. So that, we are not as dependent as we were on North America. In any event, Sir, North America politicians like Mrs. Thatcher in England, the Prime Minister, they must respond to pressure to stimulate their economy, too, particularly, in the United Kingdom, bound to respond, because Election is coming up there, too, soon.

So, I think Sir, I have effectively dealt with all these things. No borrower whether a private citizen or a Government borrows money, unless he has a reasonable expectation that he will be able to repay. That is our position, Sir. We have a reasonable expectation that we will be able to repay this money and we promise the Honourable House, Sir, we will indulge in as much prudent management of our finances, to ensure that we would not have to come back to this Honourable House for more money to be borrowed in the near future, Sir.

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

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

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

8.30 p.m.

On the motion of Hon. H. B. St. JOHN, seconded by Hon. L. B. BRATHWAITE, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. ODLE in the Chair.

Clause 1 was called and passed.

Clause 2 was called.

Hon. H. B. St. JOHN: I beg to move that clause 2 stand part.

Hon. L. S. CRAIG: I beg to second that.

Dr. HAYNES: Mr. Chairman, just briefly one point I want to make here is that I tried to set out my concern about the disruption of capital formation consequential on the measures taken and discussed at length, particularly those introduced by a subsidiary arm of Government, the Central Bank, and I wish to inform this Hon. House that at the earliest date in my capacity as spokesman for finance and planning for the Democratic Labour Party Opposition I will seek an appointment with the Governor of the Central Bank to discuss certain aspects of those measures, and I hope that the Government will not put any obstacles in my way. I do not wish to discuss any confidential information, it is purely a matter of general discussion I would wish to involve myself with.

Hon. L. S. CRAIG: Sir, I would like to give the hon. member the assurance on this side that the Government cannot put any obstacles in his way when he is having an appointment with anybody in Barbados. No one can put an obstacle in my way seeing him as my physician specialist. I am quite sure, Sir, this Government would never attempt to do anything like that. We have not got that power, we have the power to run the country the way we know it should be best be run. I can give him that assurance.

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. L. S. CRAIG, Mr. CHAIRMAN reported the passing of one Bill in Committee, and Mr. SPEAKER resumed the Chair and reported accordingly.

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

Hon. L. S. CRAIG: Mr. Speaker, you will recall that last Tuesday I had sought the leave of the House to do this matter, and I have no doubt that members on the other side will agree to this Resolution, which we had given notice of and which was circulated, being done at this time. I now propose to deal with that particular measure. It is a Resolution for the loan from the Orion Bank. I beg to move that this matter be dealt with.

RESOLUTION TO APPROVE THE USE OF THE SUM OF \$30 MILLION (U.S.) FROM ORION ROYAL BANK LIMITED

Hon. H. B. St. JOHN: Mr. Speaker, I do not think this will engage any debate, because we had the debate just now. This is just the consequential Resolution that is necessary within the terms of the Special Loans Act. I beg to move that this Resolution do now pass.

Hon. L. S. CRAIG: I beg to second that.

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

8.40 p.m.

THE ADJOURNMENT

Hon. L. S. CRAIG: Mr. Speaker, that concludes Government Business for this evening.

I would like to say that we had a very interesting debate on both sides of the House. Both sides have put the case. The Government defended and attacked when attack was necessary. We have heard from the Opposition some salient points. Some I have no doubt we will take into consideration, the others probably will be swept under the carpet.

I beg to move that this House do now adjourn until Tuesday, 27th October, 1981, at 12 o'clock noon.

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

The question was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the House accordingly.

8.45 p.m.