
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1981 – 86

HOUSE OF ASSEMBLY

Tuesday, 22nd September, 1981.

Pursuant to the adjournment, the House of Assembly met at 12.20 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); Mr. L. E. SANDIFORD, M.A. (Econ.); Mr. J. G. ODLE, B.Sc., (Chairman of Committees); Mr. B. M. TAITT, B.A. (Hons.), M.A., LL.B. (Hons.); Hon. DeL. O. BRADSHAW, (Minister of Housing and Lands); Mr. L. L. SISNETT; Mr. P. M. GREAVES; Mr. R. E. BRATHWAITE; Mr. L. A. WEEKES; Mr. M. A. KING; Mr. W. O. FRANKLIN, A.I.A.S., J.P.; Mr. N. K. SIMMONS; Mr. H. A. BLACKMAN and Mr. A. TRUSS.

Prayers were read by Archdeacon F. A. Cayless.

Dr. HAYNES entered the Chamber and took his seat.

MINUTES

Mr. SPEAKER: The Minutes of the meeting of Tuesday, 15th September, 1981.

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that the Minutes of the meeting of 15th September, 1981, be taken as read.

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

PAPERS LAID

Hon. H. B. St. JOHN: Mr. Speaker, I am commanded to lay the Hotel Aids (Bajan Villas) Notice, 1981.

GOVERNMENT NOTICES

Hon. L. S. CRAIG: Mr. Speaker, I beg to give notice of the following:-

Resolution to grant the sum of \$4,953,000 from the Consolidated Fund and placed at the disposal of the Government to supplement the Estimates, 1981–82, Part II – Capital as shown in the Supplementary Estimates 1981–1982 No. 3 which form the Schedule to this Resolution.

Resolution to grant the sum of \$140,000 from the Consolidated Fund and placed at the disposal of the Government to Supplement the Estimates, 1981–82, Part I – Current as shown in the Supplementary Estimates, 1981–1982 No. 4 which form the Schedule to this Resolution.

NOTICE OF QUESTIONS

Mr. WEEKES: Mr. Speaker, I beg to give notice of the following Questions:-

“To enquire of the Appropriate Minister:

In view of the construction of the Spring Gardens, Black Rock, Highway project, will the Minister give urgent consideration to the construction of an access road to the Pile Bay Fish Market?”

To enquire of the Appropriate Minister:-

“Is the Minister aware that there is no natural gas service in Free Hill, Black Rock, St. Michael and certain areas of Bridge Gap, Black Rock, St. Michael?

Will the Minister indicate his plans for making such a service available to the residents of the above mentioned areas?"

To enquire of the Appropriate Minister:—

"Is the Minister aware that there is an urgent need for toilet and bath facilities for the fishermen at Pile Bay, Black Rock St. Michael?"

Will the Minister indicate what plans he has for providing such facilities?"

To enquire of the Appropriate Minister:—

"Is the Minister aware that there are no lights in the Fish Market at Pile Bay, Black Rock, St. Michael?"

Will the Minister indicate what plans he has for installing such lights?"

Mr. TAITT: Mr. Speaker, I beg to give notice of the following Question:—

To enquire of the Prime Minister and Minister of Finance and Planning:—

"Will the Minister state the number of vehicles owned by the Government, the Departments and Ministries to which they have been assigned and the purpose for which they are deemed to be used?"

2. Will the Minister provide similar information in respect of all Statutory Boards, excepting the Transport Board?"

Mr. TAITT: Mr. Speaker, I had submitted another Question which I believe I had submitted in time. I wonder if I am in a position to give notice of it today.

Mr. SPEAKER: It is wonderful that the hon. member tendered his Question to the Clerk and His Honour the Speaker submitted a reply to the hon. member also through the Clerk.
12.30 p.m.

Mr. TAITT: I had responded to that through the Clerk.

Mr. SPEAKER: And the Hon. member will await a reply through the Clerk.

Mr. TAITT: Thank you, Sir.

ORDERS OF THE DAY

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

GOVERNMENT BUSINESS

Hon. L. S. CRAIG: Mr. Speaker, when we last met, Sir, the Resolution on the Order Paper, No.1, the debate had not been completed on this. I am not quite sure which hon. member was speaking at the time but I have no doubt that you will know.

I also would like to give the House the assurance that during Private Members' Business, I am prepared to allow the debate of the member for St. Michael South Central's Resolution which he has on the Order Paper under Private Members' Business, Sir, for the purpose of having again the television facilities to have this debate broadcast.

Mr. SPEAKER: Item No. 1.

RESUMPTION — RESOLUTION TO APPROVE THE COMPULSORY ACQUISITION OF LAND AT MY LORD'S HILL, ST. MICHAEL

Mr. SPEAKER: When the adjournment was taken last evening, the hon. member for St. Philip North was addressing the Chair. The said hon. member, if he so desires, can exercise his right. He has 18 minutes to go. (PAUSE)

I want to apologise for mentioning 8 minutes to go. I had been so advised. The hon. member may proceed.

Mr. FRANKLIN: Thank you. Mr. Speaker, there seems to have me between two microphones, neither of which are convenient.

This Resolution, Mr. Speaker, Sir, on the acquisition of land at My Lord's Hill for the purposes of housing and other facilities, and my interpretation of housing is for the working-class housing, gives one the opportunity, Mr. Speaker, to draw to the Minister's attention and the present administration that their duty towards the people of Barbados, particularly in housing, has taken on even greater importance over the last five years due particularly to what has been happening to housing in the private sector.

The situation of housing in the private sector, Mr. Speaker, since 1976 has grown to the state where housing is now becoming extremely expensive and almost outside the reach of the normal working person. Consequently, Sir, it is expected that pressures of Government for housing facilities will continue to grow.

We have seen, Mr. Speaker, the cost of housing in every sector rising more than 100% over the last 5 years and this is primarily due, Mr. Speaker, to (1), international inflation naturally in the cost of materials towards this, but largely too, Mr. Speaker, to the local

component which local component has a lot to be blamed on the present administration for the increase of this local component.

If we reflect, Mr. Speaker, over the last budgetary measures, you will remember, Mr. Speaker that the Consumption Tax was introduced on quite a line of building materials and when that Consumption Tax was examined and analysed critically, my analysis shows that up to about 5% to 6% increase in the cost of housing at that time was as a direct result of the Consumption Tax.

Mr. Speaker, this Consumption, Tax, added with the increase in the interest rate during this period which naturally affected the overdraft facilities in this particular commodity, would also have adverse effects on the housing situation.

Transport has had some effect which we will analyse very close, Mr. Speaker, later. The inefficiencies in the industry, overheating of the industry due to the delays in capital works programme of the administration and the unprecedented heavy building programme in the Government sector over the last two years, and the cost of the local product, all may be added to it.

Mr. Speaker, Sir, an analysis of this situation would lead you to appreciate the tremendous pressures that are now being put to bear on prospective house owners and consequently, the responsibility of Government to fill the breach that would be so left vacant by the inability of people in the private sector on housing.

In 1976, Mr. Speaker, if you examine the wages of artisans, the wages of artisans, ranged from \$4,638 for artisans Grade C to \$5,200 a year to artisans Grade A and at that particular time, Mr. Speaker, one of our stores in Barbados that specialise in the construction and sale of wooden units at that time had on the market three particular types of houses varying from \$10,900 for units to \$18,000 for the bigger units, Sir, and an analysis in 1976 will show that where an artisan working for \$4,638 would have used 1.54 years of his gross salary towards the purchase of that unit, it has since risen, Mr. Speaker, in 1981 to 2.21 years of his gross salary. 12.40 p.m.

In other words, the cost of housing in that sector has outstripped the increase in his salary and a calculation will show.....

Mr. SPEAKER: I want to enquire, is the Honourable Member speaking to the Resolution?

Mr. W. O. FRANKLIN: What I am seeking to do, Mr. Speaker is to show.....

Mr. SPEAKER: The point is, is the Honourable Member speaking to the resolution?

Mr. W. O. FRANKLIN: Yes, Mr. Speaker.

Mr. SPEAKER: I hope I can follow you.

Mr. W. O. FRANKLIN: Thank you.

Mr. Speaker, what I am seeking to show and draw to the Honourable Minister's attention is that due to the rapid increase in the cost of housing over the last five years that people seeking to own houses on their own are now at a disadvantage. This will subsequently mean that there will be a greater demand on the public sector houses and it therefore means, Mr. Speaker, that with Resolutions like these, one would have to be very careful to make sure that housing constructed caters to the working class and not particularly to the middle income or lower middle income because the bulge in the requirements for housing would eventually end up at that sector and therefore, I would seek the indulgence of the Chair to show and to point out where the problem has risen over the last five years, Mr. Speaker. Thank you, Sir.

In summary, Mr. Speaker, my analysis shows that in housing at the lowest sector, namely the wooden houses that the cost of housing has outstripped the wages of the artisan and now he is about 44.2% worse in terms of purchasing ability than he was in the year 1976. This not only, Mr. Speaker, applies to the artisan, it applies to what I call in the Service the middle of the road man in the Service, the Administrative Assistant and he was used because if you take the clerical officer and the Permanent Secretary, the Administrative Assistant is about the average Civil Servant that we would use for comparison sake.

My analysis shows, Mr. Speaker, that in 1976, the maximum of that grade was about \$11,724 and the Administrative Assistant at that time could have purchased a house from one of the developers with three bedrooms, approximately 5 000 square feet of land for about \$36 000 and that shows that he was paying at the maximum of his salary about 4.25 gross annual year's salary for the house he then seeks to enjoy. This situation, Mr. Speaker, changed rapidly in 1981 and we see in 1980-81, the said officer, although his salary had grown to \$18 228 he now has to pay \$77 000 for the same accommodation or something, Mr. Speaker, like 5.04 years of his gross salary. So, like the artisan, Mr. Speaker, the Administrative Assistant in the Service is now at a disadvantage in housing and his ability to purchase similar housing has since been reduced to about 34% being the percentage that the cost of housing has outstripped his wages. This, Mr. Speaker, has caused severe problems in the ability of persons to service their

mortgages, subsequently the ability of persons to own their houses.

In 1976, Mr. Speaker, my analysis shows that the mortgage payment of the Administrative Assistant was something like 27% of his gross salary and if you analyse this now, Mr. Speaker, you will see that it has grown to the astronomical figure of 46% of his gross salary. This tells a lesson, Mr. Speaker, not only would the Administrative Assistant have to pay a larger part of his gross salary to service of mortgage for a similar house, but it has also disqualified him from owning his house since the mortgage requirements would not allow a personal payment to exceed at the maximum 33% of his gross salary and this has resulted Mr. Speaker, in the fact that throughout the sectors, the working class and the lower middle income, the ability for individuals to own and qualify for houses has lessened considerably.

The solution to this in most cases, Sir, is that almost all mortgages now, Mr. Speaker, have to be applied for by a husband and wife combination and that presupposes that the wife is working. So, as you will see, Mr. Speaker, in cases where the wife is unable to find employment, it means that the husband has to settle for a lesser standard of housing than he would have done in 1976. Mr. Speaker, the situation even gets worse as you go ahead because now in 1981, Mr. Speaker, reading from the information I gleaned that houses under construction by the National Housing Corporation at West Terrace, Mr. Speaker.....

Mr. SPEAKER: I am glad to hear that you are gleaning some information, but I would caution you to add a touch of common sense to all the information one may glean. I caution you.

Mr. W. O. FRANKLIN: Thank you, Sir.

Mr. SPEAKER: I am telling the Honourable Member it is because you are not a senior Member of this Honourable House that you are being entertained with this kind of excursion. I want to tell the Honourable Member, it is not everything about housing and nails and shingles and wood and termites that is germane to this Resolution. I am willing to hear the Honourable Member, (ASIDES) but please speak to the resolution.

Mr. W. O. FRANKLIN: Thank you, Mr. Speaker, I will be so guided. The point there, Mr. Speaker, as has been illustrated is that with the present cost of housing in the private sector, the role of Government to provide houses for the working class and the lower middle income becomes even more important and therefore, Mr. Speaker, this resolution is welcome by me, but I need to seek the assurance of the Honourable Minister that with the construction of the houses in that particular sector that his Ministry, Mr. Speaker, will concentrate on providing houses at the

lower end of the socio-economic structure, Sir, the working people, since I have noted a move away from the provision of housing, since there seems to be a slant in the national housing programme towards provision of houses for the lower middle income and middle income brackets.

I am therefore, Mr. Speaker, going to support this resolution, providing we get the assurance from the Honourable Minister in charge that you will appreciate the need for housing in this area for the working population and therefore designed to do this accordingly. While on this point, Mr. Speaker, I must also say that I am saddened by the fact that despite the acute shortage of housing that the economic situation has made it necessary for the curtailment even though it is temporary, of the Government housing programme and we can only hope that this is only short term and we will see this programme continued very shortly, Sir.

Mr. Speaker, thank you for your indulgence and at some time I hope we will have the opportunity to go further into Housing debate in this Honourable House, Sir. Thank you.
12.50 p.m.

Mr. GREAVES: Mr. Speaker, it is a long time since I have not said anything in this Hon. Chamber on matters pertaining to housing or related matters. There is a concern in this Chamber, there is a concern in this country about housing generally, concern about the level of the loans, there is a concern in relation to the allocation of houses, construction of houses, even collection of rents.

The hon. member for St. Michael East, in his brief contribution on this Resolution, expressed the hope that when this piece of land which is the subject of this Resolution is developed, that we would not find as in the past, as he said, persons uprooted from the communities in which they are living and sent down in this area around My Lords Hill. I have never known that generally to be the policy of either Government. Persons apply for houses and persons express their preference where they would want to be housed, and if there is a sufficient accommodation persons are granted houses. It is not a question of uprooting someone from St. Lucy and placing him in My Lords Hill, it is not as simple a matter as that, it is a question of persons making application for houses who want houses and who are prepared to go where houses are. People are not really pushed into My Lords Hill or any other housing estate of Government against their will.

But I am a bit concerned, Mr. Speaker, about the housing policy generally. This is not to say that in my opinion the past Government did not do a reasonably good job in housing. One must acknowledge what they have done. They were able to do this because the past

Government left them the physical infrastructure to do it. They left them the team and provided the pace which they could see and they could just build on what they had. My great concern, Mr. Speaker, has been the abandonment in some respects of some of the housing plans that were set in 1976 and probably before. Building was done at Wotton, Sion Hill, Orange Hill and so on, but my main concern is that it appears that this Government is looking about for land on which to build houses. To my mind that is not a sufficiently good housing policy to pursue.

In my time, when I was Minister for Housing, I set about trying to provide what I would like to call a land bank, in other words, acquiring a number of areas of land. I was able to do this and they were able to build at Wotton, which we left; they were able to build at Sion Hill, which we left; they were able to build at Orange Hill, which we left, and my deep regret is that they were not able to build at Trents, St. Lucy which we had intended to acquire, which we had agreed and had carried out negotiations to acquire. If now the Government wants to build at Trents in St. Lucy, they would have to treat with the hon. member for St. Michael West Central. That area of land at Trents, at Nesfield Corner, was not chosen at random. It was not chosen at random, Mr. Speaker, it was chosen because the Physical Development Plan of Government, prepared by the Town Planner, had designated Nesfield Corner as a district centre. At the moment there are few houses in that area that one can call a centre, but it is sufficiently central in St. Lucy that it could be so termed and developed into a district centre. We had set about to acquire about 60 acres of land there from the estates of Fairfield and Mount Gay.

The hon. member for St. Michael West Central beat not only us, but beat his own Government in the acquisition, so the land, I understand, is now the property of the member for St. Michael West Central, but I would again ask the Hon. Minister for Housing to have another look at it, because I think it is important to the Physical Development Plan of this country. The policy in my time had been to look for land in areas designated by the Physical Development Plan for whatever district centre, community centre or what have you.

Now, I do not know what kind of other facilities this Resolution says is the purpose of this acquisition. It says that this land is being acquired for housing development and other facilities. I do not know what the other facilities are, but I must again express my regret that in the development of Wotton, which had plans for sporting facilities that were very popular with the young people in the housing estates — I am referring to road tennis, Mr. Speaker — and the same member for St. Michael West Central knows about this. In the plans for the Wotton estate, Mr. Speaker, which were professionally prepared, and in which the sociology and the people living in the

estates were taken into consideration, in that same Wotton estate there were plans for road tennis courts which were abandoned by this Government. (*Asides*). Well, they have not yet been proceeded with. (Hon. H. B. St. JOHN: I would object to it, and it is my constituency). One member says it is not true.

Mr. SPEAKER: We must not have any heckling of the hon. member who is addressing the Chair.

Mr. GREAVES: One member says, Mr. Speaker, it is not true they were abandoned, and the other member who says it is his constituency, on the same side, Sir, says he would object to it. I do not know where they stand on that side, Sir, they are speaking one against the other.

Mr. SPEAKER: I didn't hear him, and I advise you not to hear him either. Address the Chair.

Mr. GREAVES: I take your advice, Mr. Speaker, I always take advice, but there are things that one must hear, and things that one must call to attention when they are heard. I feel this is a matter which should be called to attention, because they affect people.

Anyhow, Mr. Speaker, this is a Resolution, as the hon. member for St. Philip North has said, which we can support, provided of course that we get the assurance that the member for St. Philip North said he would like to have. That is my contribution, Mr. Speaker, on this Resolution.

Mr. SANDIFORD: Mr. Speaker, the Resolution that is before us calls for the acquisition of land for the purpose of housing development and the provision of other facilities. While on this side we are not opposing the proposals for the acquisition of land and for the purposes of housing development as is stated in this Resolution, of course we would like to get some assurances, because we are somewhat concerned about what has been happening as far as housing is concerned, and this concern tends to be in the area, first of all, of those who become tenants of the National Housing Corporation.
1.00 p.m.

When we build houses and we carry out housing developments, it is Barbadians by and large who occupy these houses, and they are called upon to pay rents from time to time, and one of the concerns which the hon. member for St. Philip North was so ably developing was that when new housing developments are completed, we want to be certain that persons who are currently deprived of housing, particularly those in the lower income groups are able to purchase houses that are constructed, and the whole burden of the argument of the hon. member for St. Philip North which he was so brilliantly

developing was to point out that according to the escalating cost of the housing, persons in the lower income group would be unable to own houses judging from how the cost for these houses is increasing. This is the burden of his argument, and it is an argument which we must give very great consideration and concern for, because it depends on the type of society, the type of country that we want to develop. We want to ensure, and this is the position of my party, that there is provision for housing for all income groups in this country, but we also want to ensure that those who are in the lower income groups are able to benefit from the housing provision made by Government such as developments proposed here at My Lord's Hill. We do not want that only the middle income or the lower middle income can own houses. We want to be certain that those in the lower income groups are also provided for, because we do not want any tensions developing in this country through privation and through very great problems and difficulties on the masses of people in this country. That was the sociological analysis that the hon. member for St. Philip North was developing.

When we talk of this issue, it is from that particular background that we are looking at it. Of course our other concern is that we are acquiring more land for more housing development, but at the same time we are stopping construction on existing housing developments. Now that is a matter for concern. People are being laid off; people are being told there is no more work on this particular National Housing Corporation project, go and find work in the private sector, maybe the private sector will absorb persons who may be laid off from the National Housing Corporation. That is the position. Existing projects as far as we have been told are being closed down hopefully temporarily, but closed down nevertheless, and the workers told to seek employment in the private sector but according to this Resolution we are still acquiring now more sites for housing development. What we want to be certain of is that there is an even development in the housing programme of this country, and that the contribution that housing can make towards the total economic development of the country is recognised, because it may be a wrong policy to close down the housing construction sector, not close down, but to reduce the level of the programme at a time when it may be necessary to stimulate the Government economy. It is a question of a difference of opinion, and we have got to look at this, and maybe when the positive proposals are further elaborated, when the Government has completely run out of ideas of how to deal with the current economic structure, they will perhaps then listen a little more attentively to the views which come from this side of the Chamber. (Hon. L. S. CRAIG: You don't have any views.) Your problem is that you cannot get any views. You have now run out of our ideas and you want us to provide some more.

Mr. SPEAKER: The Chair has never run out of ideas.

Mr. SANDIFORD: Mr. Speaker, what concerns those of us who represent areas which have units of the National Housing Corporation on which housing developments and other facilities have been developed also is the fact that recently letters have been going out to persons, tenants of the Corporation, asking them to pay up large sums of money which might be owing to the National Housing Corporation, and that they are being given unduly short periods of time within which to reduce their arrears.

Now we on this side believe that individuals who rent properties from the National Housing Corporation should meet their commitments to the National Housing Corporation. (Hon. L. S. CRAIG: Not when you told them not to pay.) I never told them not to pay nor did anybody on this side, nor of the Opposition as presently constituted. We do not advocate the non-payment of rents but at the same time it must be recognised that if for one reason or another persons develop problems and fall into arrears that the problem should be treated in a humane way. They should be given adequate time within which to make the necessary adjustments. Their particular circumstances must be taken into account. They must not be given two weeks to pay off \$1,600 or \$1,000 as the case may be especially when there may be considerable unemployment in the family.

I am appealing to the Minister and I know he wants to make a good job as Minister for Housing. He has sat at the feet of the former Minister for a long time and he has tried to imitate him in quite a number of ways, and in these housing developments that we have seen here, I think he has a very unfortunate inheritance that he has to be the one now laying off people and closing down housing projects. Has Jerusalem in St. Peter been closed down? I am forgetting my Standing Orders. Mr. Speaker, I should address the Chair.

Mr. Speaker, I am asking a question; has the site at Jerusalem, near Maynards, St. Peter and near Rose Hill, that area which I believe you know well been closed down? We want to know whether that particular project has been closed down.
1.10 p.m.

Mr. SPEAKER: The Standing Orders provide ample, ample replies for your questions that you cannot repeat yourself, not even for emphasis in this case.

Mr. SANDIFORD: All in your interest, Mr. Speaker. Anyhow, I am really appealing to the Minister on this particular one to ensure that this problem, which would be a human problem, it is an economic problem, it is a social problem but it is also a human problem. We are

dealing with human beings who have their dignity. We are talking about Barbadians who have their dignity and who have their pride and you do not want to threaten people because of a combination of unfortunate circumstances, to threaten them with evicting and putting their personal belongings at the door, a threat of that and the indignity of that. We want that the matter be treated by the National Housing Corporation with dignity.

I think to tell somebody to pay \$1,500 in two weeks time or else that that is a bit curt and a bit unnecessary and I am asking that some humane element be introduced into the procedures of the National Housing Corporation as far as the provision of housing development and the result of it may be concerned. I think these represent our concern. It is not any criticism of the programme for housing development as such but there are serious concerns which we have over here and which we draw to the attention of the Minister and ask him to treat these in as even-handed a manner as possible. I thank you, Sir.

Mr. TAITT: Mr. Speaker, Sir, my contribution to this debate will be brief. I believe I would wish to ask a question that is being asked by Barbadians everywhere. This Resolution seeks to acquire land in My Lord's Hill for the purpose of housing. In the last session of Parliament, we on this side listened with some interest to the then Minister responsible for housing and that Minister outlined a programme on housing.

Furthermore, Sir, he went on the television in a programme, I remember seeing one of those programmes, in which he toured sites and various places required for housing development and that was not so long ago, Sir. It was during this year, 1981, and he indicated that there were going to be a series of housing developments of varying kinds at relatively low prices by which ever standard you used. He listed a number of places which had already been acquired and where lands were in train for the creation of modern houses.

Mr. Speaker, it is very difficult for persons to understand how in a very short time and after the Estimates of expenditure for the particular year have been approved by this Honourable House, to hear two things, (1) that the Minister was removed from Housing. Now, Sir, I do not know and I do not pretend to know why that Minister was removed but the new Minister who replaced him almost immediately says this policy has to be turned around. We are not going up north to Maynards. We are not going up east to Lammings we are not doing any of those things. Well, St. Cecelia was too far gone to be hauled back.

What I would like to know and what I think the people of Barbados would like to know is what is really the housing policy of the Government? Which one of the

housing policies is the correct one? Is it the one adumbrated by the former Minister or is it the one outlined by the present Minister? We were told in this Honourable House by the then Minister responsible for the Environment that the construction sector and more particularly the Housing Corporation had reached a level of efficiency which augured well for the continual development not only of the housing programme but for the economy of the country.

Lo and behold after the elections we get a new, bright spanky Minister and he cuts through like a knife through butter, 600 gone through the eddoes, Sir. Sorry, Sir. The newspaper reported the Minister as saying — I do not wish to misquote what the Minister said. The newspapers reported the Minister as indicating that some 1,200 persons will have to be laid off. Let us assume that the newspaper was wrong, Sir. The Minister will get up and tell us how many persons are to be laid off. I am not going to say that the newspaper report is gospel, Sir. The Minister is here and he can tell us, but that is not the vein in which the previous Minister led us to understand his policy of housing and the Minister cannot gainsay the fact that the official policy of the Housing Corporation has left a large number of people in this country completely confused.

My colleague, the hon. member for St. Philip North, has indicated some of the sociological output which must flow from this particular policy or lack of policy.

This very morning a lady came to see me, Sir. She said she had made an application to the National Housing Corporation. She indicated that she would live anywhere. She would live in My Lord's Hill. She would live in Lammings. She would live wherever they were building houses and she said to me, the Government said they were building houses a lot of places. I would live anywhere.

She went to the National Housing Corporation. Whereas in the past they used to hold out some hope, Sir, they told her, there is no way you can get a house, period, full stop. We are not going to be able to provide housing for people like you till about 1983 to 1984. Now she could have been wrong. She could have misunderstood or she could have been lying. I do not believe that, Sir. I do not believe that she was lying because she is a lady who has been going to the National Housing Corporation for some time now and she believed what the Government indicated to her just a few months ago that she and many others like her could look forward to finding a house within economic range of her means.

Now, Sir, we see that the Government is acquiring additional land to put housing in My Lord's Hill and what is the priority to My Lord's Hill as opposed to Maynards?

What is the priority to My Lord's Hill as opposed to Lammings? What is the priority of My Lord's Hill as opposed to other areas?

1.20 p.m.

If, as the Honourable Minister responsible for Transport and Works, as he made his contribution to this particular resolution, if as he says, he would insist on a policy that no one would be able to come from outside the My Lord's Hill area and locate in these houses that are to be built on this land when acquired, my question is, what about those persons in the other areas of the community, what happens to them? It is clear from the information which has reached this Side that Government is unable to build housing or unwilling to build housing in a number of those aforementioned areas.

If the new policy is a localisation of the housing units, that is to say, My Lord's Hill will have people from around My Lord's Hill, when then can we expect a housing development in the area surrounding say, Eagle Hall, Sir? When can we expect a housing development in the areas outlined in some detail by the former Housing Minister? Mr. Speaker, as I said, my main point is that the people of Barbados are confused as to what is the Housing policy and I would expect the Honourable Minister or some Honourable Minister on that Side to get up and outline to the people of Barbados what the policy is. Do not let us hear about economic constraints because we were told repeatedly that the economic difficulties which were extending to certain other aspects of the economy would not be felt primarily in the housing sector because the monies acquired by the Government for the purposes of housing, house building and certain other projects were monies that were assured. We were told that, on more than one occasion, Sir, and hence the attempt to suggest that the grim state in which the economy now exists in Barbados is responsible for the diminution, the quantity of housing will not be acceptable.

I go further, Sir, the information and statements made by the Honourable Minister were made long before the indication of the grim economic situation by the Honourable Minister responsible for Finance. It may very well be that the Honourable Minister for Housing has a bit more prescience than the Honourable Minister of Finance. It may well be that he was paying attention to the announcements by the Opposition or the announcements by the Governor of the Central Bank, it may very well be that he therefore knew more than the Honourable Minister of Finance and that is why he was able to curtail these various housing attempts. But, Mr. Speaker, quite frankly, I should not like to have to go and say to the people in an area which has been told that the housing programme was about to start, I should not like to have to go and tell them that they do not have any money. I

am going to sit down now, Sir, but I want to make one last point.

The suggestion that housing has stopped because people have not paid their rent is ludicrous, Sir, it has no basis in economic theory at all, Sir, the monies which are collected for rent cannot be the basis on which construction of housing as a programme would go on. Mr. Speaker, there is no one who goes into housing as an economic prospect who would depend on the rent that he is going to collect to continue the building programme which he had planned. Building is a capital expenditure of the Government and that capital expenditure has been shown and in the Estimates nowhere does it say that they are going to be depending on the collection of those rents for the continuation of the programme or the expansion of the programme and so it is not fair to the people of Barbados to indicate to them that because some people have not paid their rents that is why people have to be laid off from the various housing sites. That is not true, Sir, it cannot be true, it is not valid and it ought not to be said.

I believe the Government should get up and indicate what the problems are as seen by them and they should tell the people of Barbados once and for all what they are planning to do in the next four years and they should not go and acquire more land to give people more hope. To acquire this land in My Lord's Hill is to give the people in My Lord's Hill the hope that they are going to have new housing soon and when you are dismissing the hope of all the other people in the development of Barbados, it is not fair to go and give the people of My Lord's Hill this hope that you have acquired the land. An acquisition of the land is but a very small step in the provision of housing. The Government has acquired a lot of land for housing Sir. I need not repeat the argument.

I would ask the Honourable Minister to indicate to us and quite frankly, I think the previous Honourable Minister should indicate to us, he should get up and tell us if his policy was right or if his policy was wrong because if his policy was right, the policy of the present Honourable Minister is wrong, if the present Honourable Minister's policy is right, his policy was wrong, Sir. I rest my case there.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, I am not going to speak on the details of this matter, I am positive that the arguments particularly the argument which has just been adumbrated by the Honourable Member will be demolished effectively when the substantive Minister of Housing and the previous Minister of Housing come to make their contributions.

But, the Honourable Member for St. Philip North, with your great liberality — Sir, you are accustomed to liberality to new members, your indulgence to new members — indulged in an excursion into certain general matters in relation to housing and I think it is necessary at least to reply to one or two of the matters which the Honourable Member raised lest many people would get the impression that the points raised by the Honourable Member are points which are peculiar to Barbados and indeed peculiar to the conditions which have occurred under the Barbados Labour Party Regime. I want to say, Sir, and I am sure that the Honourable Members from the Other House will recall that from the moment in 1976, Sir, when we came in here, the Government said that it would pass a series of Laws and indulge in a series of policies to ensure that the total amount of resources we voted to the housing industry as a whole between the private sector and the Government would be greatly increased.

Pursuant to that, we brought in special taxation measures for people who deliver houses in total. It is a fact. We also introduced by buying out the Barbados Mortgage Finance Corporation in full and increased contribution to the mortgage market via a Government institution. We were using that institution to set the pace for other institutions in Barbados whom we criticised on many occasions not only in here, but outside and in particular commercial banks for their failure to use some of the savings in Barbados in long term mortgages. In addition to that, whenever we got the opportunity, we spoke of the need in this country for the financial institutions to increase the length of the mortgage terms to ensure that the monthly mortgage burden was spread over a longer period of time. More 20 year mortgages were introduced in Barbados as a general pattern to a greater variety of people under the Barbados Labour Party Regime in the last five years than at any other time in the history of Barbados. It is a fact.

The Honourable Member talks about the price going up, the price of medicine has gone up too and the price of doctors' fees have gone up in the course of the last five years. The basic position is, Sir that as long as you are using imported material, as long as you use fuel as a component for quarrying, for mining, electricity for making concrete blocks, the machinery involved, that this is an area of industry which the impact of the 300% increase in oil in the last five years would have a greater burden. It is not only peculiar to Barbados, it is peculiar all over the world and it is an important factor.

I was just in Canada, Sir, and in Canada the interest rate is 22%. Mortgage payments—people are walking out of their houses and they are putting them up under foreclosure and there are still no buyers because people cannot meet the mortgage payment and it is a challenge

to all financiers to devise a system for dealing with this particular problem in respect of the rapid increase in the cost of materials.

1.30 p.m.

One of the reasons, Sir, why this Government has taken the determined decision to get a cement plant off the ground in Barbados, and it will soon be started, is to ensure that in respect of that vital raw material in the construction industry we will be using as much as our resources as possible, therefore lessening our foreign exchange problems and also . . . (Mr. TAITT: Ten years later). Ten years later? I hear the hon. members over there talking about the cement plant. They had 15 years to get it started. *(Aside)*. It does not matter how much a bag of cement will cost, because the price of a bag of cement, whether you buy it in Barbados or whether you buy it abroad, will be higher than in 1976. That is a well known fact, but the point is this, that when you are paying for a bag of cement in Barbados in which you use Barbados materials, at least there will be no foreign exchange implications abroad, and I can tell the hon. member that the end product will be competitively priced in relation to the price of imported cement. If the hon. member doubts that, he will wait and see and we can argue that by 1986. By 1986 when it is going, when it is producing cement and the people are using the Barbadian cement, the hon. member for St. Michael South Central can get up and tell the public not to buy the Barbadian cement. That is what the hon. member can do then. Let him get up and do that then.

The basic position is that this problem in relation to cost of building is a very important one, and we have got in this country to look at new methods of building. All other countries have done it. We have got to look and see whether we cannot use more regular units in building and some prefabrication techniques introduced, we have to look very seriously at the question as to whether wood in the context of our potential for termites is a proper building material, and we took the step, Mr. Speaker, to ensure that at least our people had the choice, because we passed the Freehold Tenantry Purchase Act and the people who have been renters all of their lives, a Bill that the hon. member's party opposed, a Bill that the other side opposed, despite the fact that under that Bill now everyone in Barbados who is a tenant has an option to purchase the land, and therefore seriously consider the option of putting a wooden house for the termites to destroy, or building of wall, or a combination of wood and wall.

That is a fundamental decision that has been taken to tackle the social problem with housing. We do not get praise for that, we do not get praise for the fact that we also passed a law whereby chattel security in respect of housing has been greatly improved so as to remove one of the objections for the flow of money to wooden houses.

We do not get praise for that. None of those constructive matters which we have introduced in this House to ensure that more money flows into housing, that we remove the question of renting for life, that we give the people encouragement now to indulge in more co-operative efforts in the tenancies, and things of that kind, we do not get praise for any of those things.

The hon. member who just spoke, Sir, is talking as though he was talking before June. He is trying to talk about a difference between what the Hon. Minister says and what is fact and what the former Minister said. The hon. member should have talked all of that in June. He has a long time for that kind of speech to have an appeal any more. Barbados is still going on, what is wrong with the hon. member? How many houses are being built, all of that will be dealt with. West Terrace, all those things will be dealt with. Now, I was very glad to hear the hon. member for St. Michael South say that the Democratic Labour Party has now adopted the attitude that people should pay rent. I am very glad the hon. member said that.

Mr. SANDIFORD: Mr. Speaker, I rise on a point of order. The Hon. Deputy Prime Minister has obviously misquoted me. I never said that the Democratic Labour Party has now adopted any such position.

Mr. SPEAKER: If the Hon. Deputy Prime Minister is misquoting you, I take it that you rise to elucidate.

Mr. SANDIFORD: All right, I rise to elucidate.

Mr. SPEAKER: You cannot rise on a point of order and then turn to elucidate. Your elucidation then will have to be fraudulent.

Hon. H. B. St. JOHN: I, Mr. Speaker, over the course of the last five years have been co-chairing the Estimates Committee and I know the structure of the Estimates of the Housing Authority, and what I have said not only now but I said previously that we were running into a position where the amount of rents collected was less than the amount of the cost of maintenance of your existing stock. But, Sir, if that is so, if the hon. member says that the philosophy of the Democratic Labour Party is that the rents they collect cannot even pay for the cost of maintenance, let the hon. member then proclaim that philosophy. We know when the Democratic Labour Party was in power that they tried by regular rent increases to collect more rent than would pay for the cost of maintenance. We know that.

Mr. TAITT: On a point of elucidation, Sir. The hon. member obviously missed the point I was making. The point I was making had to do with economic theory, it had to do with the building. He is now talking about maintenance. What I said was that this concept that they had had to stop building because people were not paying

their rents is not valid, Sir, and all that flows from it. He knows that, Sir.

Hon. H. B. St. JOHN: The hon. member talked about capital. The hon. member propounded the theory that failure to pay rents could not stop the building of houses. There are two ways where failure to pay rent could stop the building of houses. It is very simple. If your finances are so structured that your rents are to make a contribution to capital, and you do not get the rents, obviously there would be nothing to make a contribution to capital; or, secondly, which in fact has occurred, if your rents are insufficient even to pay the maintenance and you have to go on capital account and deprive the capital account of its money to pay for maintenance, there again is a *pro tanto* reduction in capital, so there will still be less capital to be able to do the construction. The hon. member must not propound these theories which on analysis can be exposed for what they are worth, nothing. He must not do that, because the hon. member is propounding a theory that the Democratic Labour Party believes that every year not only must the Government not collect enough money to pay for maintenance, the Government must also vote in its Capital Estimates money to provide for subsidization of rents beyond the point of maintenance. If that is your theory, you go out and proclaim that.

1.40 p.m.

So our position is very simple, Sir. The Government is well aware of the problems in relation to house ownership. What is more, we are well aware of the fact that it is the aspiration of every head of household in Barbados to own a house for himself, and it is because of our belief that that is a good, worthwhile and solid aspiration that we have passed the laws which I have spoken of, and it is because of that belief that we will continue to ensure that there is a reasonable productive programme between the public sector and the private sector to increase the delivery of houses in Barbados, and that the financial institutions in Barbados will be directed, will be pushed into the position where if they operate in Barbados, they must operate within the context of that political philosophy of Government and money must flow. When we get a real housing debate, I want a debate with the hon. member for St. Philip North. I want a full dress debate on housing. I will bring all the statistics and show how much money flowed into housing in our time and how much flowed into it in their time. I am going to bring all the mortgage terms and the laws that we passed. (*Asides*) I will bring the prices too. Everybody knows in the world about the question of prices. We now have to absorb the last price increase in oil. Later this evening we will deal with that aspect of it: So that is my contribution.

Dr. HAYNES: Mr. Speaker, I rise to speak to this Resolution and in the traditions of this august Chamber

to respond to some of the comments made by the Hon. Deputy Prime Minister. I think that what I characterise as inappropriate responses to the current economic crisis in this country is best exhibited in the position taken in relation to cutbacks in the housing programmes, and I think that it is a clear indication of the ideological differences between the Democratic Labour Party and the Barbados Labour Party. During the 1960s, Mr. Speaker particularly the late 1960s there was a major construction boom in Barbados, but that boom was so managed and so directed that it related to the development of houses in this country which has a major multiplying effect through the social and economic infrastructure of Barbados, when contrasted with the current construction boom which not only apart from wages cannot have the same permanent multiplying effect within the society, but can of course contribute to the crisis which we are now facing.

The cranes were flying in 1969 and people were building homes. The Urban Development Corporation of which I was a member of that Board was building houses at \$30,000 a house for middle income housing in 1969, and that is a fact. The cranes that are flying now are not cranes flying to bring permanent change and permanent advantages to the people of Barbados, they are cranes that are flying that have had the result of precipitating a major crisis in this country. It is a question of your concept of housing. We believed in and supported Resolutions of this nature for the acquisition of land because we feel that housing not only has an immediate effect in terms of job generation, in terms of providing wages for people, but also that it has a very important influence not only on the education but also on the health status of this country, and even subsidised housing might lead in the long term to reduced subsidy or reduce expenditure in relation to education and in relation to health provided they are appropriate policies in this area. I do not need to get into all of that now. Not only do I not need to get into all of it, but I am quite sure it would not be in accordance with the Rules of the House to do so.

I want to deal with this question of the laws that have been passed. A law has been passed if I remember correctly reducing the corporation tax payable by corporations that complete two or more wall units per year. I am asking the hon. member who just spoke how many people have been able to benefit from that particular piece of legislation (*Asides*). The one that reduces the corporation tax I think to 20% for the completion of two or more wall units. (Hon. H. B. St. JOHN: I cannot give the hon. member the answer.) I do not think many people have benefited because I have not seen many houses going up in the private sector, if you exclude condominiums because you have already given me an assurance that for the purpose of that piece of legislation a condominium would qualify in the same way as a house because the only difference between a condominium and a house is that one is horizontal and

the other one is vertical; so any time the statistics produced would have to differentiate between condominiums which are not built for the people of Barbados to live in and houses built for the people of Barbados to live in.

Now I myself think that piece of legislation, well intended though it might be, has certainly not had the kind of effect of stimulating the building of houses for sale to Barbadians as was anticipated at the time when it was introduced by a budgetary proposal of the Hon. Minister of Finance, I think in 1978 or 1979. That is the first law he is talking about.

I now speak, Sir, to the question in which he said that you can get more 20 year mortgages in Barbados today than at any time under the Democratic Labour Party. That is absolutely true, Mr. Speaker, because under the Democratic Labour Party you did not need to have 20 year mortgages. People had enough money to make the down payment and meet the repayments for 15 years. The trouble now is that you do not have the money to make the down payment although the period of repayment has been increased even to twenty-five years. People cannot meet their monthly payments as outlined by my friend and colleague on this side, the hon. member for St. Philip North.

Now, Mr. Speaker, I will further say this: the hon. member talks about new approaches to building. I recall way back twelve years ago when I was a member of the Board of the Urban Corporation one of the predecessors in part to the National Housing Corporation, even at that time we sent a delegation, I think, to Texas and to Jamaica to look into modern methods of building and quicker ways of putting up houses in Barbados. He knows too what the constraints are, and it is wrong to hold out hope to the people of Barbados that that kind of technology would be readily available. What I think Mr. Speaker, would have much more immediate effect is to look at the amount of money paid in taxes when one completes a home. It has been estimated, and the Hon. Deputy Prime Minister knows exactly whom I am talking about — a very responsible group of people who under the Democratic Labour Party were able to build Paradise Heights and provide homes for people, in this country for something in the region of \$42,000 for a lovely three-bedroom house with down payments of \$7,000 and repayments of \$231 or \$240 a month — that group has been able to estimate — I am talking about private development; what happened in Husbands and elsewhere I do not know — but these people have been able to estimate that somewhere between 40% and 60% of all monies spent on building a house actually goes into the Treasury of Barbados. You can vary it depending on whether you take taxes paid on wages out of your calculations or not.

1.50 p.m.

What I am saying is that I am calling upon the Hon. Minister of Finance to review the totality of taxes paid on building materials when they come into Barbados, not only in respect of duty but to review the wicked multiplying effect of the consumption tax that he has snapped indiscriminately on quite a wide range of building materials.

He knows exactly what I am talking about because if you were to build a condominium without the benefit of hotel aid and you cannot get hotel aid on condominiums, you know that the price is going to be 30% to 40% more than the person who puts up a similar structure for apartments under hotel aids. There is an excellent comparison that you can still make.

Mr. SPEAKER: I take it that you are still sticking to this Resolution.

Dr. HAYNES: Yes, Mr. Speaker, I am sticking to this Resolution in order to try to point out to the Government a very important way in which they can bring to fruition the steam that they have in mind in bringing their houses up and also to have some spin off in the private sector. Reduce the taxes and you will reduce the prices. Let that come also at the same time as you try to bring modern technology to bear on housing and the incorporation of more local materials which will have a less burdensome effect on our balance of payments.

Now one other thing, Mr. Speaker, because I do not wish to stray from this Resolution. We have things like.....

Mr. SPEAKER: Not any more. Not any more. Not at all. I would not permit it.

Dr. HAYNES: Thank you for permitting me to respond to the hon. member. I am hoping that these houses will be built for sale for much less than \$90,000 per unit, much less than \$90,000 per unit because even if you drop the down payment to 10%, you are talking of an initial outlay of between \$9,000 to \$10,000 when you are taking legal fees and so on into consideration and then you are talking of a level of repayment which clearly puts these well outside the range of the average man in Barbados, even the lower middle income group, and I think that unless Government pays attention to the cost of housing, that they are going to find themselves in a position where they cannot produce a house for sale except to the upper middle income, middle income and upper income groups because this would certainly be outside the range of the vast majority of people.

The basic problem is housing. The basic problem is the cost. Deal with the problem of cost and then let us talk about financing and that is the only way you will get back to the policies followed successfully by the Demo-

cratic Labour Party in the 1960's particularly where you were able to provide decent units for the poor people of this country. Thank you very much Mr. Speaker.

Mr. BOLDEN stands.

Mr. SPEAKER: Is the hon. member likely to conclude his address by 2 o'clock?

Mr. BOLDEN: No position, Mr. Speaker.

Mr. SPEAKER: Is it agreeable that we take a break at this hour? Is it your pleasure? Is it the pleasure of the House that we take a lunch break at this hour? It is so agreed.

SUSPENSION OF SITTING

Mr. SPEAKER: This Sitting now stands suspended until 2.45 p.m. today.
2.00 p.m.

On Resumption:

QUESTION TIME

Mr. SPEAKER: It is now Question Time. I am advised that there are no replies to questions ready.

PRIVATE MEMBERS' BUSINESS

We automatically go into Private Members' Business. The Honourable Member for Christ Church West Central.

Mr. M. A. KING: Mr. Speaker, in March 1981, this year, when the Honourable Minister of Finance was delivering his Annual Financial Statement and Budgetary Proposals, he had this comment to make on the state of the Barbados economy and I refer to the Official Report of the Debates of the House of Assembly at page 5341:

"There has been a great deal of talk, Mr. Speaker, for some years now in fact, of the bad times ahead. Gloomy prognostications for Third World countries have abounded. Nonetheless, I consider that these tax reductions proposed here today coupled with the increase in pensions are justified by the underlying financial strength of the Barbados economy even in this fragile world. In 1980, very substantial reductions in taxation were granted and a wage settlement of the order of \$60M was granted to public sector employees. Yet the current account surplus for the financial year has been \$25.4M, or more than was budgeted for; which clearly shows that the economy remains resilient. I have confidence that with continued sound economic management and the co-operation of the public the

performance of Government finances in 1981-82 will be just as creditable."

Now, Mr. Speaker, I contrast that statement with the opening remarks of the Honourable Minister of Finance made on the 8th September this year as he presented his Financial Proposals and comments on the state of the economy. At the opening, the Honourable Minister of Finance had this to say:

"After four years of rapid expansion, the Barbados economy has experienced strong recessionary pressures in the first half of this year. The state of affairs is expected to continue for the rest of the year and can persist through the middle of 1982. There has been a fall in the rate of growth of output accompanied by some deterioration both in the country's balance of payments position and the position of public finances."

Now, the first statement, Mr. Speaker was made some two and a half months before the General Elections of 1981 and the second statement was made almost two and a half months after the General Elections of 1981. So that, it seems that something very drastic has happened to the Barbados economy in the space of just five months, two and a half months before the Election and two and a half months after the General Elections.

What was the state of the evidence existing in March 1981, on which the Honourable Minister of Finance was able to make the statement which he made in the course of his Budgetary Proposals in March 1981 and what has happened to the economy since then that there has been such drastic change? The Honourable Minister of Finance attributes the change to problems in three major sectors of the economy, the two principal sources sugar and tourism. In relation to the sugar industry, he made the point that that was a late start in the sugar crop that because of the unseasonal weather conditions, the crop had been adversely affected, that the world price of sugar dropped and to that extent the sugar industry did not yield as was expected. In relation to tourism, there is no doubt that there have been falls in the arrival of tourists in Barbados and therefore a consequential drop in the income from the tourism sector for the first six months in 1981 and indeed, when one looks at the Reports, the statistics of the Central Bank for the year 1981, one sees clearly that certainly, for the first three months that the position in the tourist industry was as one can analyse in retrospect from today because at that time in March 1981 when the Rt. Hon. Minister of Finance made his Proposals, the industry and the tourism arrivals had fallen and there was clear evidence in March that there was a deterioration in the tourism sector.

Now, in relation to sugar, obviously, one cannot predict weather conditions, but the late start of the crop,

the Government must take some responsibility for because that was held up because of negotiations in the sugar industry where the workers eventually got what they were justly entitled to. In relation to the drop in the price of sugar that is no new phenomenon. So that, both in relation to the sugar and the tourism sector, the evidence was clearly available, as early as March, 1981 and there has been no substantial change in the position between March 1981 when the first statement was made and the position in September 1981 when the second and gloomy picture and analysis of the economic situation in Barbados is concerned.

The other major area to which attention has been directed has been the construction industry. In the Rt. Hon. Minister's Proposals of September this year, he makes the point that in relation to the construction industry, a decision has been taken already to reschedule the construction of some planned projects. Now, everyone knows, Mr. Speaker, and the statistics are there to show that as early as March, 1981, the amount of money which had been spent in the construction sector was some \$63 million, I think it was, \$63,518,000.00 and that is the figure which the Central Bank Statistics give. The Rt. Hon. Minister of Finance in his Statement said that the figure for the four months of 1981 spent in construction, capital works was \$62.97 million. There is some difference there, perhaps, it is an error, one way or the other. The Central Bank says it is \$63 million, \$63 million just for the first three months, the Rt. Hon. Minister in his statement says it is \$62.97 for the first four months, so there is a slight divergence in the figure.

Now, the position is that in relation to construction, the Rt. Hon. Minister has made the point that the expenditure in construction was extremely heavy in the first part of the year. Indeed, throughout 1981, it is fairly evident that the expenditure in capital works, in relation to the construction industry has been phenomenal and the position is contrasted for the first three months in 1981 with the corresponding period of the par year, 1980, when the figure was no more than about \$27 million. So that, we ask ourselves the question, "why was there this astronomical growth in capital expenditure in construction in the period just before the General Elections?" because we are looking at the state of the economy prior to the Elections and these are the comments made by the Rt. Hon. Minister on the state of the economy in that period of time prior to the General Elections, where he is making the point that the economy is so resilient that it could deal with all the pressures which could have been anticipated for the year 1981.

Now, the Honourable Member for St. Michael South Central makes the point that "the" — to use

his words — “the economy in the construction sector was over heating in that period of time”. Now, any time that you have a situation in your developmental strategy and so, that where your capital works are going to snow ball to that extent in expenditure that it creates pressures in other aspects of Government’s finances, obviously, that is a result of bad planning, bad financial planning and that is one of the questions which one has to ask when one looks at the comments of the Rt. Hon. Minister, in relation to this particular aspect of development. If he is saying now, in retrospect, that too much money has been spent in the construction sector in the early part of this year, why is that so? All the evidence and all the available information on which he could make predictions and come to an analysis of how best to develop and plan the economy were there and present in March, 1981 when the Annual Statement was made. 3.00 p.m.

So that when in March 1981 the Minister predicted that he had confidence that with continued sound economic management and the co-operation of the public, the performance of Government’s finances in 1981-82 would be just as credible, it is clear that his prediction was wrong when we look at it in the context of the financial proposals which are now made on the 8th September, 1981.

Now, Mr. Speaker, obviously it would be improper for me to say that the proposals adumbrated by the Minister of Finance in 1981 March were designed specifically for the purpose of winning the votes of the public in an election. I could not say that, Mr. Speaker, because I would be imputing an improper motive to the Prime Minister. So that I would have to be charitable and say that his analysis, his predictions and his whole approach to the management of the economy must have been therefore premised on a complete misunderstanding and a misreading of the economic situation of the country.

Now, what is the position in September 1981? The Minister of Finance has found it necessary to come to this Hon. House and to impose on the country additional tax burdens. He calls them levies, but in essence the result is the same, because the result is that money is in fact being taken from the people and put into the Government’s revenues. He said that this position is taken to avert economic crisis. Page 2 of his statement:

“The proposals which I will shortly announce are based on the conviction that the highest measure of economic management is always to be found in the steps taken to *avert* an economic crisis, rather than steps taken to try to manage after the crisis has fully developed to an acute stage.”

So we have in September 1981 proposals which are designed to avert, in the words of the Minister of

Finance, the onset of an economic crisis. Obviously, we on this position take the point that the crisis is with us as of now and that the measures are not appropriate for dealing with the crisis of the dimension that it has.

Now, what is the effect of the proposals by the Minister of Finance on the average low income earner in this country? Before I go on to analyse that aspect of the Minister’s proposals, let me make this point. Levies are just like taxation, but we say that taxation in the form of levies is retrogressive in that levies tend to affect most the people in the community who can least afford it. When you look at how they operate, they drag into the tax net people who would otherwise not have been liable to tax. If you take the lowest income earner, for instance, a person earning \$25 a week, who previously would not have been liable to tax at all, a person earning a small amount of money, \$25 a week, is liable to pay tax now as a result of these proposals. He is levied upon.

Now, the other point about the levy is that it does not affect income from investments, and is usually the position in relation to people who can best afford it, because income from investments, as I believe, are not insurable earnings. Let us look at how this imposition of levy tends to affect the lowest income earner, and I am going to illustrate the point by reference to the Hon. Minister of Finance’s speech itself in March 1981. I refer to page 5342 of the official record, where the Minister in commenting again on the state of the economy and about the effect that his measures had produced for the low income earners in this country, said as follows:

“Let us not forget, Mr. Speaker, that in 1976 a single person started paying income tax at \$25 per week. He or she will not have to pay it now until \$115 per week. In 1976 if you earned \$1,000 per month you paid \$2,600 annually in income tax. Now you will pay \$1,420 a year. If you earned \$150 per week you paid \$1,180 per year in tax. Now you will pay \$340. If you earned only \$6,000 in a whole year you still paid \$700 in tax in 1976. Now you pay nothing.”

Those were the results of the March 1981 budgetary proposals.

Let us look now at the position in September 1981 and see what is the effect of the various measures which have been passed on the low income earner in this community. I am going to start with the \$150 a week earner. “If you earned \$150 per week you paid \$1,180 per year in tax. Now you will pay \$340.” That means that between 1976 and March 1981 when these proposals were introduced there were tax concessions to the \$150 a week earner of some \$840. That is the difference between the \$1,180 and the \$340, which is now payable. So that over the four years you had a concession of

\$840 in tax. Now, let us look at what has happened since March 1981.

In the same budgetary proposals in March 1981 there was levied unemployment insurance contributions. An employment insurance scheme was introduced which was merged with the Severance Fund of 2½% to be shared equally between employers and employees. So that starting from March 1981 you have a one percent levy on insurable earnings paid by all employed persons. In September 1981 you have the one percent transport levy and the half percent levy for health services, so that the total levies in 1981 are some 2½% of insurable earnings. Now, if you take 2½% of 150, which is what we are dealing with, the income earner of \$150 per week, 2½% of that is some \$3.75 weekly, and if you compound that by the 52 weeks per year you find that the employed person earning \$150 a week has to contribute some \$195 annually by virtue of the levy imposed since March 1981. Now, start then with the figure of \$195 annually as the employee's contribution, the working person's contribution, on levies, then let us see what the other proposals have done to the income earner.

3.10 p.m.

The increase in bus fares: an increase of 15 cents in bus fares, a journey to and from work, 30 cents a day increase for five days cost \$1.50 a week by 52 weeks and you get \$78 annually. I am going to in the final analysis accumulate all the additions and see what the position of the employed person is vis-a-vis the concessions which he got throughout the years 1976 to 1981. If the employed person has four children, and that is not an unusual amount of children for people particularly in the lower income group to have — I know of a situation of a man who has some seven children at school, pays \$7.50 for bus fares and as a result of the budgetary proposals of September 8, he now has to pay some \$30 in bus fares alone. Now if you take a person sending to school four children, ignoring transfers with \$12 weekly bus fares, you are going to gross some \$468 per year, and if you have one transfer you have some \$68.50, so that if you take the accumulative total of all the additional levies, increase in bus fares and expenditures, you have a total figure of some \$789 at 15 cents in the period March 31, 1981 to September 8, 1981, in that short period, and if you add the extras, then the position is different. So that between 1976 and 1981 you had income tax concessions and other concessions for lower income earners, the income earner of \$150 a week, yielding tax concessions of some \$840, and by the budgetary proposals introduced in this Honourable Chamber just a few weeks ago, the amount which the same \$150 a week earner is being asked to contribute by reason of levies and the additions in bus fares is a sum near \$800; so you see that the position in September 1981 is to restore the position as far as the Government finances were concerned to a position not even at March 1981, but at 1976 levels.

Mr. Speaker, this analysis does not take into account the continual diminution in the level of the value of the employee's money in the period between 1976 and 1981 which would necessarily have accrued by virtue of the incidence of inflation during those years which cannot be denied and also by virtue of the expanded incidence of consumption tax over a wide variety of items all over the country. So that in September, 1981, the last state of the lower income earner in this country is much worse than it was in 1981 March when the taxation concessions were granted to people in the community.

Now, Mr. Speaker, the strategy of the Minister of Finance as he has adumbrated on a number of occasions is to move from a position of direct taxation to indirect taxation. We on this side take issue with that because we believe that direct taxation is more equitable. Indirect taxation tends as I have made the point before to affect more seriously those who can least afford it because in relation to the same people that the Minister talks about, those who would by virtue of his taxation proposals in 1981 have to pay nothing, the \$6 000 a year earner, now you cannot deny that that same person earning \$6 000 a year has to pay at least some \$700 a year in tax or levies, call it what you like, it is money being taken out of his pocket and going into the Government financing. This is what our concern on this side is, that the policy of indirect taxation which is being used by the Minister of Finance as part of his developmental strategy has its worse impact on people in this community who can least afford to bear these pressures, and we say in those circumstances that that taxation is inequitable, and that is why we are calling upon the Minister in the Resolution now before this Honourable House to abandon proposals which are before us and to devise new measures to deal with the economic crisis which is at hand.

It appears, Mr. Speaker, that if you analyse the whole Government's approach to fiscal policy that it is characteristic of what they do. They have removed the sales tax and introduced a consumption tax on a far wider number of items at increased cost. They had promised a free health service and now you are paying for it by virtue of a levy. They have given \$100 towards school uniforms and free books to some extent, and now it is being taken away or taken back by all these levies. Ten cents off school meals and now you get school meals that children do not even want. That was the context in which the Minister for Transport, the hon. member for St. Michael East asked us to look at these proposals. He said to look at them in juxtaposition with the concessions which the Government had already given. Now if you look at them in juxtaposition to that, the only conclusion you can draw is that what the Government is in fact doing now is taking back from the same people more than the concessions which they had given them by virtue of these proposals.

I would like now, Mr. Speaker, to turn to the Transport Board. This is not a debate on transport, and I do not propose to go right down the line in a debate on transport, because after all we are dealing with economic policy and to get diverted into a debate on transport is perhaps to miss the issue, and perhaps that was what was intended. I am sorry, I cannot say that because that would impute improper motives again, but perhaps this would have assisted if our attention was diverted from dealing with the economic crisis that affects us and get embroiled or bogged down into a debate on transport. What I propose to do in referring to the Transport Board is further to emphasise the point which I was making in relation to the state of the economy.

Now we on this side maintain that there is a crisis in transport. In September 1981, the Transport Board is in a critical situation. In March, 1981, the Transport Board was in a critical situation, and you can get that evidence by just a simple glance at the reports of the Transport Board for the period from an analysis of publications made by the Central Bank in so far as it dealt with the whole question of transport. So that it must have been evident in March, 1981, when we had these glowing reports about the state of the economy that the Transport Board was in crisis, like so many other departments and areas of activity in the public sector in this country.

Now in relation to transport, I refer Mr. Speaker, to the quarterly report of the Central Bank for June, 1981, at page 63 where this comment is made: "The Board's revenues covered current expenditures for most years until 1975. Current deficits during the first twenty years were never more than a few thousand dollars. From a short fall of \$812,000 in 1975 however the deficit has grown rapidly to \$5.5 million in 1979." 3.20 p.m.

"The government has expanded its subsidy to cover operating as well as capital tripling its grant over the last four years of our survey period." So you see that from 1975 where there was a current deficit of a short fall of \$812,000 in that year, we have now grown to a situation where there is a deficit in the region of some \$5.5 million.

Mr. SPEAKER: The hon. member has two minutes in which to wind up his debate.

Mr. KING: Thank you, Mr. Speaker. So there was a crisis in transport as in anything else and when hon. members on the other side make the statement that the mistake that we made in 1976 was to lower the bus fares to 25 cents, that is to misrepresent the position. When they say that one of the mistakes they made was to leave the bus fares at 25 cents, when they say that, what we will hear in 1982 is that the mistake that they made in 1981 was to raise the bus fares to 60 cents, so where

is it all going to end? There is a crisis in transport and the present proposals can do absolutely nothing to avert that and tagging the whole economic problems of the country to transport would just seek to divert attention from the real issues.

The Opposition's position on the transport levy is summed up most adequately in the statement made by the hon. member for St. Michael East in the last 120 seconds of his statement when he said it is the working classes, particularly the lower working groups who use the transport system more. By the present budgetary proposals, it is those who have the burden of paying for it and for those of us on this side who believe that we should wherever possible institute measures to relieve the burden of taxation on the lower income groups, those proposals are an abomination. We cannot agree with them and we say that they are like that stone in Greek mythology which Tantalus was condemned to roll uphill and whenever he reached near the top of the hill the stone rolled back down so that his labours started all over and over again.

This is the problem, in essence, Mr. Speaker, which the Government's budgetary proposals have created for the average working man in this country and in the circumstances, we on this side say.....

Mr. SPEAKER: And in these circumstances, the hon. member will please take his seat.

The hon. member for St. Joseph.

Mr. BOLDEN: Mr. Speaker, the debate so far has moved over the country and members have spoken I believe without fully realising that we are still an Island called Barbados. Barbados is an Island which is affected by vagaries in the weather and by external pressures from outside in the same way that we are terrified by hurricanes, something over which we have no control at all. We are now facing the same thing in relation to our financial position in this country.

None of us can control the weather and we recognise that hurricanes will pass us and we make preparations for them but after the hurricane comes the calm and I believe the same thing will happen to us after we have passed this critical situation which we are now facing.

For 26 years we went without a hurricane in this country and everybody enjoyed the relatively good weather and for many years we have gone along without having the problems with which we are faced today and in the same way we have been able to ride out the problems of storms, so I believe we will be able to ride out the problems of this particular financial situation and the situation, Mr. Speaker, did not arise simply

because there was bad management of the economy over the past five years.

When we reach the question of roads, when we reach the question of transport, these are things that did not arise overnight. We have to go further back and look to see what has been happening all along. Unfortunately, I believe that only one member of the Opposition was in Government over the past 15 years and I believe he equally recollects the problems which we face today full well knowing that they started before 1976.

When I hear people criticise the transport levy, Mr. Speaker, I begin to feel that those persons would like Barbados to continue in the situation that was over a number of years.

Our politics have been reduced to roads, water and street lights. These are the three items that dominate any political campaign in this country over the past 40 – 50 years, Mr. Speaker, for as long as we know it because you had Governments that ran a two-tier system and the Democratic Labour Party was no different because the idea of providing social amenities in this country was to have the roads from the Airport to Speightstown repaired once every quarter so that visitors would arrive at the Airport or the seaport, travel along the main road and go back and say what lovely roads we have in Barbados for a small country but nobody took the opportunity to move off the main roads to turn into the by-ways or the tenantry roads or the subsidiary roads as they are called, and the transport levy, I believe, should have been further applied.

I believe the Minister responsible should have found a way to apply a levy to these heavy goods vehicles that travel up and down our roads, that destroy newly constructed roads, that are destroying bridges in this country and some of the very people are the ones that are complaining about potholes in our roads.

We have had a thriving economy over the past five years. You have seen the building industry move. You have seen the situation where there is an acute shortage of artisans and we have seen vehicles on our roads that nobody would have dreamed would have come to Barbados.
3.30 p.m.

Therefore, Mr. Speaker, if you want to share the amenities of this country equally, you must have a system of taxation, whether it is indirect taxation or whether it is direct taxation, so that you can provide the same amenities for the people who live in Christ Church and St. James as are provided all over the country. The people in the country districts have been walking in mud all the years while the people in the St. Michael district have had very good roads.

The roads, Mr. Speaker, have been used as political gimmicks. Every time there is an Election, you can see every MP whether he is in the Opposition or whether he is in Government, he is demanding the respective Minister to come, go, visit with him. In any one year, any one year, any Minister responsible for roads in this country can visit as many as 150 roads whether the demands are from MPs or people who live in the area. They turn out specifically, but they have always met with a shortfall of money. In the period 1980–81 Estimates, Mr. Speaker, I was responsible for roads in this country and I would have needed some \$6 million if I were to complete the task of providing only 60 of the roads out of a total of 132 roads visited by me and taken estimates for completion in that particular year. It would have taken the Government \$6 million to satisfy the demands of people in this country, if we would have carried out all the work that should have been done at that time.

The figure does not take into account the related drainage work that would have to be done, and when I totalled the figures, the proposed drainage work connected with part of that particular road would have been well over \$2 million. Now, I hear people criticise drainage in relation to road construction, but it goes further back. If you have – there is development in a country – if you have people crying out for houses and if you start to build on what would seem to be rab land at some time without recognising the natural drainage which existed, you are creating problems in another area. You are creating blockage in the newly constructed area and you are creating problems in another area and, therefore, you have to carry your drainage along with your road work, along with your housing construction and, therefore, these are the problems.

There is no Government, under the present or under the system which existed before that could have satisfied the demand of the people of this country in providing adequate roads, water and light for the country. Therefore, the question of a levy, a transport levy which will now be channelled for the construction of these roads and be channelled into the Transport Board cannot be criticised with any justification because I look at the Transport Board, Mr. Speaker.

The hon. member who has just sat down, pulled out a string of figures showing that the Transport Board had minor shortfalls in revenue during a number of years reaching up to 1975, but what the hon. member did not explain or did not look at is that, up to that period, the Transport Board in relation to the other concessionaires operated under a different system. The Government imported chassis duty free, the other concessionaires had to pay duty on theirs, but everybody operate under a controlled bus fare. The

Transport Board, therefore, enjoyed the same bus fare as the other concessionaires, but at the same time, they paid less for their rolling stock. So, the Transport Board was obliged to show a better return up to 1975 until the time when the political gimmick was worked by reducing the bus fares to twenty-five cents without telling the general public that the taxpayers were paying a subsidy to the other concessionaires, and the cost of inspection rose tremendously. The taxpayers were paying a subsidy unknown to the general public at large and this is something that the Opposition has not been telling the public, that the Government up to 1975, when they brought down a twenty-five cents bus fare, they paid the equivalent of sixty-five cents to the concessionaires in this country through a subsidy, paid through the Ministry of Communications and Works.

They increased the number of inspectors at MCW to 16 to check on the private concessionaires to determine how much subsidy should be paid to them and that is what has caused the breakdown of transport in this country, because when we came into office in 1976, the Rocklyn Bus Company found that despite the subsidy paid, they could carry on no longer and they shut down overnight without giving anybody a chance to determine what was the best system of transport for this country. The then Minister was forced to stretch the fleet of the Transport Board far greater than it was ever intended and you had problems in that. So, something has got to be done to remedy the situation. How are you going to do it? As the Rt. Hon. Minister of Finance has said, an economical bus fare would be \$1.20 per journey, but, since the people in Barbados have been treated to a very cheap bus fare, they have been accustomed to a subsidised bus fare, you must find a method of bringing revenue to the Transport Board. It has either got to be done by indirect taxation or it has got to be done by direct taxation.

So, I cannot see how the Honourable Members of the Opposition or the public outside can criticise a levy today which in the long run will bring better services to Barbados, a better Transport Board and a better system of roads. Everybody will therefore benefit on the better roads than they are benefitting today because as I said before, roads, water and light were used as political gimmicks to satisfy particular constituencies and therefore, with a levy now being applied, any administrator of that fund will now be able to deal with the improvement of the social amenities in Barbados on a fair level.

Mr. Speaker, they have criticised the charges for the school bus fares, but one has got to look at the whole question of what it is costing parents today, in relation to school children as what it did before. I remember when I went to school, I paid, I think it was \$12 a term at

Combermere School, then, when you got to fifth form, you had an increased term fee, you paid a games fee, we paid bus fares, we bought our books, we bought our clothing. Everything we had to purchase. I believe the only thing that I enjoyed as a boy going to school was a medical examination once per term and there was a familiar statement, no sclerosis, no this, no that, and you went back to school.

Today, the parents of a child over the past five years has enjoyed increased wages, the bus conductor and bus driver has enjoyed increased wages, the cost of fuel has gone up, the cost of construction of buses has gone up, but school children today are getting free uniforms, they are getting free school books, they are getting free school meals. So, the money has got to come from somewhere. If the Opposition can tell us where the money must come from, I would be happy to hear, but you must analyse the performance of the Opposition and recognise that they must say something.
3.40 p.m.

I well remember in 1977 the Opposition accused the Minister of Finance of bringing an expert from abroad to help him write the budgetary proposals. When it was explained to them that the same gentleman had been requested by the Democratic Labour Party Government when it was in power to help them restructure the form of the Estimates in order to keep a tighter budgetary control, they never replied to that. Now today in this Resolution they are telling you that you must not do it yourself, you must go to outsiders and ask them to come in and help you solve an economic crisis in Barbados, when we live in Barbados. (ASIDES). How can they say here, when the members of the Opposition have constantly refused to sit on any Board or any institution that they have been invited to sit on with the Government? How do they want it? When we were in Opposition, Mr. Speaker, we sat on Statutory Authorities, we contributed to the running of the country. They talk about Her Majesty's loyal Opposition, but I wonder loyal to what, because every time you provide a place for them to sit with the Government they have refused.

Mr. SPEAKER: I do not want to interrupt the hon. member, but I really cannot sit and allow the hon. member to question the hon. members' loyalty.

Mr. BOLDEN: Mr. Speaker, I am not questioning their loyalty. What I said was, they say Her Majesty's loyal Opposition. That is what I said they say.

Mr. SPEAKER: Do not put it in doubt. Do not put their loyalty in doubt.

Mr. BOLDEN: I do not want to do that, Mr. Speaker, I believe the country can draw the conclusion themselves.

Mr. SPEAKER: All right, let us get on.

Mr. BOLDEN: I said that when they are asked to sit on institutions or Boards, they just refuse, but here it is they now bring a Resolution trying to condemn the Government for solving a problem, which we recognised, when they have refused on previous occasions even to offer a suggestion of how best this can be done. They have never offered a suggestion, but yet still they are criticising us for doing.

Mr. Speaker, we did not bring the bad weather. In 1977 when we were still enjoying dry weather in this country, when the St. Philip Parish Church was unfortunately burnt down, the then Leader of the Opposition got in this Chamber and he applauded the burning down of the St. Philip Church. He applauded it, and I will repeat it, he said so. But now the rain comes, you hear today that the workers cannot take the blame. Nobody is blaming the workers for the rain. When the Prime Minister was talking about the state of the economy, other persons were saying 'we are not starting the cane crop, we are waiting' and the cane crop did not get off the ground until March. We did not have wet weather in March, there was a projection that we could have produced 125,000 tons of sugar during the period, but everybody was talking about how much money the sugar crop would make. Everybody knew what was in the offing, but then the rains came, and canes have been left standing in the fields, and now we know for sure how much we are going to make, but rather than sitting down and saying that the Government is doing all that is good for the country and has taken the correct measures to protect the economy of the country, to protect the people of the country, to save us from what other economies are suffering, they come to criticise you today and they want you to stop what you are doing and wait for an expert to come and sit down.

I am going to say something here now. I do not believe in the reports of experts, Mr. Speaker. I have suffered as a result of waiting for a report of experts. When I became Minister of Communications and Works I told the Cabinet of a plan to deal with the Transport System. I was persuaded to wait for the report of a Transport Commission, and what people must recognise in this country, that as a small country where our finances are limited, where our aspirations are great and where we want to have in this country the same luxuries, the same amenities as those people in large countries, we have got to go asking for funds abroad, and there are conditions imposed upon us, that we must have experts from the IMF, we must have experts from the OAS, we must have experts from this body and the next person, and I know this country is suffering today and has suffered for a long time by so-called experts who come down to Barbados, enjoy the weather and spend one or

two years to produce a report that we then cannot apply, or that our own personnel could have put together, and it is no more than they do, because they come and ask you what are your views, they write them in a report and they take a little time to fancy up the language and hand it back to you.

I compliment the Minister of Finance for having used his staff and taken the immediate steps to arrest the downslide in the economy and not wait for any experts to sit down. We have all the experts we want in the Caribbean. You hear of the wise men from this place and the wise men from the next place. You hear of experts from abroad, you hear of all the experts, but the report from experts, Mr. Speaker, takes a long time to be read, a longer time to be analysed, and just as long to be implemented. There is a famous saying, while the grass is growing the horse is starving, and in this particular case, while the experts are sitting down arguing among themselves what will be the best medicine for this sick baby, the baby will be dead. Because there is no set of experts who has ever sat down and come up with a conclusion in any short time, because everybody who sits down is an expert in his own way.

I would not like to criticise certain persons in our community, but you have only got to take a simple look at the hearings of the Public Utilities Board and you will find that five or six experts are called to give evidence, and each expert has his own view as to how you must charge people, each expert has his own view as to how the institution must be operated, and in the long run you end up in the Supreme Court for the Judge to determine which expert he will believe. In this particular case you have appointed a Minister of Finance, the country placed its trust in the administration of the Barbados Labour Party, and I compliment the Minister of Finance for having taken at this particular time appropriate steps to put the economy back in shape.

As I said in the beginning, Mr. Speaker, we have been accustomed to hurricanes and we make the necessary preparations. In this particular case this hurricane is an economic hurricane and we have taken precautionary measures. We had to do it in 1977, and as I said, we are a small country, we cannot account for the reasons why a storm starts off Africa and hits Barbados, neither can we account for the economic situation in Great Britain, the economic situation in Canada or the recession in the United States. In Britain today there are thousands of people walking about jobless, millions of people jobless, and the same thing is happening in Canada and the United States. We have no natural resources in this country, we do not produce one item that goes into a motor car that comes to this country.

3.50 p.m.

We do not produce anything at all that goes into consumer goods that come to this country, and if Barbados has been able to survive so long better than the industrialised countries, if we have been able to keep our people away from hunger, I believe that the same administration that took us through those years can take us safely over this economic crisis. Thank you, Mr. Speaker.

Mr. BLACKMAN: Mr. Speaker, I rise to make my contribution to this debate by stating a fact, and the fact is that budgets are all about elections. What I mean by that is that Finance Ministers all over the world usually in the first two or three years impose taxation on their subjects and in the year of elections these same Finance Ministers refrain from putting any tax on the same subjects.

Now the reason is clear, Mr. Speaker. They have a choice and the choice, Mr. Speaker, is that you either tell the whole truth and lose, or you hold back some of the truth and win. Mr. Speaker, I will get back to that point at the end of my contribution.

Mr. SPEAKER: I would like you to get back and try and get straight from what you were taught early o'clock. We only have one Finance Minister here at this moment.

Mr. BLACKMAN: Yes, but I was making a general statement.

Mr. SPEAKER: I know this, but still it refers to all Finance Ministers.

Mr. BLACKMAN: Yes, all Finance Ministers. First I would like to comment on the speech of the hon. member who has just sat down. It would appear from listening to the hon. member that the entire economic crisis facing Barbados today has been caused by the Transport Board. This, Mr. Speaker, I will go on to prove is misleading because the Transport Board is only one sector of Government and if the Minister of Finance estimates that the deficit will be to the order of \$187 million and he only needs \$17 million as a subsidy for the Transport Board, then you can see that to tell us or to give the impression that the Transport Board is the bugbear in this economic crisis is misleading.

The hon. member who has just sat down admitted that Barbados was affected by external pressures and we agree with this and I will confirm that we agree with this. The third thing the hon. member did was to admit that the situation was critical and we on this side are very pleased about this because the Hon. Prime Minister said there is no crisis; so we are very pleased that the hon. member said that the situation is critical. I will say, Mr. Speaker, that the hon. member for St. Joseph said that

the past Leader of the Opposition or the Leader before the present Leader sat in here and applauded the burning down of the St. Philip Parish Church. Mr. Speaker, I would like to say that that is not true and I do not believe that the hon. member believes that it is true.

Mr. SPEAKER: The hon. member must withdraw that.

Mr. BLACKMAN: I withdraw that statement. Now, Mr. Speaker, I will give the background to this crisis which is facing Barbados to prove that the Hon. Minister of Finance would have known that the situation was bad from early in the year, and I quote from page 3 of the Central Bank of Barbados Annual Report, 1980 that came out at the end of August.

Mr. SPEAKER: State the publication again.

Mr. BLACKMAN: This is the Central Bank of Barbados Annual Report, 1980, and at page 3 of this Central Bank report, the Bank was at pains to point out that it required considerable inflows of both private and public capital funds to produce an overall balance of payments surplus. It also was at pains to point out that non-sugar agricultural output fell below 1979 levels as the small rise in milk and poultry production could not compensate for the decline in root crops, vegetables and fish. The Central Bank Report went on, Mr. Speaker: "The Directors were also conscious of the recessionary trends in the international economy which could deter tourist travel to the island with adverse effects on our balance of payments". And the last statement I am going to quote, Mr. Speaker, as far as a warning of economic crisis is concerned goes like this: "Whereas in 1979 foreign exchange reserves over the first quarter had risen by over \$60 million, the increase in 1980 was less than \$9 million."

That is the background to the economic crisis that is now coming about. Now, Mr. Speaker, the Hon. Prime Minister in his reply to the hon. member for St. Michael South Central's opening statement in this debate said, and I am quoting from page 5342 of the House of Assembly Debates that contained the budget debate and the reply to the budget in 1981 earlier in March: "The fatal path down which some of our Caricom brethren had wandered was looming all too large and the spectre of negative foreign reserves, more massive unemployment and a deflationary programme from the International Monetary Fund stared us in the face. All that has changed and Barbados has become a byword as an Island of economic success in an ocean of economic failure."

Those were the words of the Prime Minister. Now, Mr. Speaker, there are certain statements being made that Barbadians have to learn that they have to pay for

what they want. I believe you have heard this statement on many occasions. Sometimes it makes sense; sometimes we do not agree with it. Over the past five years, Mr. Speaker, Barbadians have been paying an increased amount of taxes, and I would like to say that when you check the report of the Central Bank on the amount of taxes that Barbadians have been paying especially over the past two years, to make the statement now that Barbadians have to learn that they have to pay for what they want is really begging the issue. And I once again will quote from the Central Bank Report. This is now on page 3, and it says: "Prices continued to rise as a result of higher import costs, rising wages in the construction sector and a wider range of consumption taxes." The next part I would like to read is this: "However, the costs of these income tax concessions were more than recouped by higher and pervasive consumption taxes." This is the Central Bank Report. I will quote further: "Internal factors, such as steep wage increases in the construction sector, shortages of vegetables, poultry and fish and an expanded range of consumption taxes, combined to maintain the upward pressure on prices."

4.00 p.m.

Finally, Mr. Speaker, as far as the taxes Barbadians pay, I will quote page 8 and this is what the Central Bank Report says:

"Despite the general tax relief on personal incomes, direct taxes yielded \$184.3 million, 17.3% more than in 1979. Income taxes brought in \$89.9 million, an additional \$8.2 million over the 1979 figure."

So, Mr. Speaker, I only quote those parts of the Central Bank Report to say that Barbadians have to learn to pay for what they want. They have been doing it and doing it on a massive scale over the past two years.

I will continue, Mr. Speaker. Now, I will turn to sugar. All of us know that the price of cane sugar is likely to fluctuate up and down depending on the stocks that the sugar buyers have and also on the competition from beet sugar. If we know that the price of sugar is likely to fluctuate and we also admitted and the Central Bank has said it, that we got an unexpected \$42 million last year, that is what the Central Bank said. We received an unexpected \$42 million last year on sugar.

If Mr. Speaker, you say that you are going to fall back by \$43 million, that is no big thing because you got an unexpected \$42 million last year. It will only be a critical issue and this is the point I am trying to make. It will only be a critical issue if you plan and project it, take into account an unexpected amount of money that you got in one year and that is bad planning and bad projection because you cannot plan in accordance with an

unexpected year or a windfall year. That is the point I am trying to make. I am not saying that \$43 million is not a large sum of money, but I am saying that if one year you go up by \$42 million then the next year you go down by \$43 million, you expect the price of cane sugar to fluctuate.

The same goes for tourism. In 1979 you admitted that 1979 was a record year for tourist arrivals. In 1980 you admitted that that was a record year for tourist receipts. Now you are telling me you expect a 5% drop in tourism and you are screaming. If 1979 was a record year, 1980 was a record year, do you expect that every year would be a record year, Mr. Speaker? If you plan in accordance with a record year you will always be doing bad planning. That is what I am getting at. That is the point I am getting at. It is either that the hon. Prime Minister is panicking or it is that Barbadians are worse off. The economy is worse than we even know. This is what I am getting at.

I will continue, Mr. Speaker. The reason given for the drop in tourism is that there has been a recession in North America. With this I agree. That is one of the reasons but what about the very high prices being charged by hoteliers in Barbados? What about the harassment of the tourists on the beaches here? What about the increase in house breakings and muggings in Barbados? What about the peddling of drugs on the beaches and increasing the Police Force by 287 or 587. This will not get rid of these problems unless you get behind the big boys who are causing the small boys to peddle these drugs.

You see what is happening, Mr. Speaker, is that there are people staying in the background who are reaping financial harvests from these drug peddlers. We have to tackle these problems from the source. What about the inefficiency of the transportation system in Barbados, Mr. Speaker? Could this not have caused the drop in tourism as well? Many tourists come to Barbados and they are not able to hire cars and taxis. They use the buses and if your transportation system is bad, the tourists will find somewhere else to go, those who do not have enough money to come here and hire cars and taxis.

All I am saying, Mr. Speaker, is that unless this Barbados Labour Party government and the Board of Tourism stop this drift towards indiscipline, lawlessness and crime, we are only seeing the smoke as far as our economic situation in tourism is concerned. That is what I am saying.

Now, Mr. Speaker, I will turn to the policy measures in the Mini Budget. The hon. member says it is a Mini Budget. The hon. member here says it is not. I tend to agree with the hon. member for St. Michael South.

Mr. SPEAKER: You mean the hon. member for St. Michael South Central?

Mr. BLACKMAN: The hon. member for St. Michael South. The hon. Minister of Finance reduced the import quota for the importation of cars. Now, as far as I am concerned, I can see the reasoning for that but then behind that to instruct the banks that they have to get back the money in a year seems to me to be putting the purchase of motor cars completely out of the reach of an ordinary person.

Now, I do not know if this is the planning behind it all but I am saying, in my opinion, I do not mind putting the import quota on the importation of cars but then I would leave it to the banks to decide how they would get their money paid back to them. That is what I would have done. I have no quarrel with the Prime Minister. Obviously, he knew what he wanted when he decided on that measure.

Now I turn to transport and highways. The hon. Minister in charge of transportation and Community Services was trying to give the impression that the problems at the Transport Board were caused mainly by an inadequate fleet of buses. I am saying, Mr. Speaker, that the problems at the Transport Board go deeper than this. What about the inefficient management structure at the Transport Board? This Transport Board is a Board which only three weeks ago the Chairman admitted that five management positions had not been filled for the past year. Five management positions have not been filled for the year.

What about the wastage being caused by the multiplicity of tools? Certainly, Mr. Speaker, you would know that you have to buy one set of tools for the Albians, another set of tools for Benz and now the Minister is compounding this wastage by going to Miami to purchase 38 buses and which means that he has to purchase different tools again. Wastage, and I am going to say this, Mr. Speaker, that to all of us in Barbados when we hear "made in the United States" we immediately think about left-hand drive and we on this side and the taxpayers of this country know too well what happened when last they tried to change left-hand drive to right-hand drive.

The taxpayers in Barbados are too heavily taxed already to pay any more money on any white elephants so I would like to warn the hon. Minister that in his anxiety and in his eagerness to see the Transport Board moving efficiently that he treads wearily and cautiously.

Now Mr. Speaker, I will turn to bus fares and this is one measure that the hon. Minister of Finance took that really hurt me and I am very, very serious about this. I am saying, Mr. Speaker, that when you increase bus fares you affect the lower people more than the middle and

upper income groups because the lower people use the buses more than the middle income and the upper income groups.

The upper income groups use their cars. They take their children to school by cars and bring them back home by cars and some of them now are even driving to school in cars but what have you done, Mr. Speaker? You have not only carried up the bus fares of the parent by 33% but you have turned around and told the parents that he or she has to pay a 300% increase on the bus fares and a 300% increase on the transfer ticket and I am telling you why it hurts me, Mr. Speaker. 4.10 p.m.

The Honourable Member who spoke on my Side first, the Honourable Member for Christ Church West Central said that he knew a family with seven members in the family. There are many, many families in St. Philip, Mr. Speaker, who have four and five children going to school. They come from District C to Church Village by one bus and then take another bus from Church Village to Princess Margaret School and I know how it is affecting them because I cannot travel any part of St. Philip without people stopping me and complaining about the imposition of bus fares. I cannot do it.

Mr. Speaker, I will say this, it seems contradictory to me to give school children free education, free text books, free school meals and then you make it as hard as possible for them to enjoy these free school books and the education and all. This seems contradictory to me and I am challenging any Honourable Minister over there, any one, to get up in here and to tell me that to carry bus tickets from \$1 to \$4 and the transfer ticket from fifty cents to \$2 is not excessive. I challenge anyone to tell me that it is not excessive. I will continue, Mr. Speaker, how can you justify this crippling imposition on the poor people of this country with the fact that you buy a large fleet of new motor cars for Ministers to drive around? How can you justify the two things? How can you justify it? And then, you compound the mistake of this imposition by asking poor people to demean themselves even further. You are asking poor people to pay bus fares — to go to the Welfare Department, cap in hand to beg for money to pay fares — that they had no right paying in the first place. This is what is happening in here, Mr. Speaker, this is what is happening in this mini budget. I call on the Government, if nothing else, because I know how the people in St. Philip are screaming, I call of this Government to roll back the school children's bus fares to where they were before this imposition last week or week before as the case may be.

Mr. Speaker, as far as mini buses are concerned, I do not have very much to say about mini buses, although I sympathise with some of the poor people who operate them, I realise that many of the mini buses in Barbados

are owned by fairly rich people who stay home and get other people to operate them, so I have very little to say on that.

Taxis – the only thing I have to say about taxis is that if you admit that the tourists are down and taxis make their money from tourists and then you increase the taxes on the taxi men, this seems contradictory to me as well.

Mr. Speaker, I will end, where I began, and I began by saying that Budgets are all about elections and I will say, Mr. Speaker, that we, on this Side, have no qualms about supporting this resolution brought by the Honourable Member for St. Michael South Central and I would like to remind the Honourable Member for St. Joseph that we, in this resolution, at no time said anything about bringing in outside people. We were calling on the Government to use the available expertise of Barbadians, that is what we were doing. So, Mr. Speaker, I will say, in closing, that had the people of Barbados know in June what they know now, the emphatic response would have been, "One bad term deserves no other".

Thank you. (APPLAUSE)

Hon. L. S. CRAIG: Mr. Speaker, I crave the indulgence of the Honourable House, Sir, in the light that the Honourable Member for Christ Church East is going to address the Honourable House now, Sir, I would like to move that Private Members' Business be extended until 5 o'clock, so as to accommodate the Honourable Member, Sir, if there is no objection from Honourable Members on the other Side.

I am told by the Clerk, there would be need for some extension, therefore, I rise on this occasion to do it, in the light – we have not got to be bothered, cameras are going to be here for the entire debate. I am just trying to accommodate all Honourable Members of the Honourable House, Sir. With your permission, I seek the leave to extend to the appropriate time, Sir.

Mr. L. E. SANDIFORD: Mr. Speaker, if I understand the Honourable Leader of the Honourable House, the Honourable Member for St. James North correctly, he is seeking permission of this Honourable House to enable the Honourable Member for Christ Church East to have half hour to make his speech on this resolution. To that, we on this Side would agree.

Mr. SPEAKER: Is it the pleasure of this Honourable House that Private Members' Business be extended until 5 o'clock? (PAUSE) (ASIDES) Please, I cannot invite Honourable Members to put their thinking caps on. After the Honourable Member for Christ Church East is finished, we are going to move out then for ten minutes to clear this equipment as we usually do. Is there any

objection? (PAUSE) (NO) The Honourable Member for Christ Church East.

Hon. Dr. R. L. CHELTENHAM: Your Honour, the debate thus far has tended to range far and wide and I think it necessary at the very outset of my presentation to restate the issues that divide us. Just as an illustration of how far and wide the debate has ranged, you will remember that the last Honourable Member who spoke expressed an opinion as to who did or did not burn down the St. Philip Parish Church. He also gave us some indication as to how he felt now that the bus fares have moved from forty-five cents to sixty cents. He said, Sir, he is absolutely distressed for the people of St. Philip. I was just wondering how he felt, he must have been close to death in 1975, when the people were working for at least two times less than they are working for now, the bus fare was sixty-five cents in 1975 under the Democratic Labour Party Administration. (APPLAUSE) But, that is just by the way, Mr. Speaker, I think we have got to get back to the central issue.

As I understand it, Sir, the Opposition is claiming that the economy is in a state of a crisis and you will observe that they have never for the benefit of the Honourable House or indeed, for the members of the public tell us what yardsticks they are using to measure crisis, but, they are claiming nevertheless, that the economy is in a state of crisis. They are contending, further, that the crisis is of the creation of the Barbados Labour Party Administration and it is a reflection of bad management on the part of the Government. They are contending that as early as March 31st, the date of the last Budget presentation, signs were evident for all to see and that the Government concealed these signs from the Honourable House and from the country, overstated the position and as it were was guilty of not coming straight and stating frankly both to this Honourable House and to the country.

4.20 p.m.

Finally, Sir, they are contending, as I understand it, that the measures which we have instituted are irrelevant in relation to the difficulties of the crisis that we are facing, and that their net effect is to make the least well off members of the community worse off. The Government, on the other hand, Mr. Speaker, denies the crisis. We make a distinction between difficulties and crisis. We contend that there are certain difficulties in the economy which responsible leadership will demand that we address at this moment. We are contending that there is no crisis in the economy, we are resisting the allegation, Mr. Speaker, that we were less than straightforward in dealing with the House and the country on the occasion when the Budget was presented, on the 31st March last. We are arguing that the difficulties which exist are directly attributable to external forces and to other factors outside our control, and we are contending, finally, Mr.

Speaker, that the totality of measures which we have adopted, administrative measures, budgetary measures, fiscal measures, if you like, and monetary measures, the totality of measures constitute a sound, and responsible, and wise answer to the difficulties confronting us.

It seems to me, Mr. Speaker, that if we are to succeed in the claim — and this is the Opposition's business more than mine, because that is their case — that the economy is in a state of crisis, then they have got to identify certain measuring rods, bench marks in relation to which they can evaluate crisis and say in relation to those bench marks the economy is sick, it is unhealthy, because judged against those standards which they postulated, we are failing. They have failed to do that, and without repeating anything that the right honourable member for St. Thomas said last week, I would just like to submit that when we are dealing with the economy we have to look at employment as an index of good health or bad health, we have got to look at inflation, we have got to look at the extent to which the Gross Domestic Product is growing, we have got to look at the performance of our productive sectors, we have got to look at personal consumption expenditure. All of these are very relevant indices in relation to measuring health, good health or failing health, in relation to the economy and on all these major indices we have demonstrated that the economy is in good shape, is in resilience even though we have conceded that there are certain manifestations of difficulty in the economy to which we as a responsible Government have got to address ourselves.

I have to remind members on the other side, Mr. Speaker, that nominal per capita income doubled in this country in the last five years. In a country like Barbados where income is as evenly distributed as it is, that is a safe and reliable index of prosperity. It means that the Barbados Labour Party created a wealth in the last five years and that they have shared that wealth. We have had growth, not negative growth as we used to hear in the years 1973, 1974 and 1975 under the Democratic Labour Party administration, we had positive growth in five successive years under the Barbados Labour Party administration.

Personal consumption expenditure, Mr. Speaker, rose from \$925 million in 1979 to \$1 billion in 1980. Just last year we were still growing, using that index. The rate of inflation, as the right honourable Prime Minister has repeatedly said, Mr. Speaker, except for last year when it went into double digits under the Barbados Labour Party administration, we have always kept it under double digits, less than any of our neighbours in the Caribbean, less than any of our major trading partners in the North Atlantic. Under the Barbados Labour Party administration all the major sectors of the economy — agriculture, manufacturing, tourism, services and construction — they grew, they recorded progress, substantial growth.

So that against that backdrop, Mr. Speaker, it is unreasonable, it is impossible to conclude that our claim that the economy was well managed was other than accurate, and that the encomiums that were heaped on us by international agencies were other than well merited. But we live in a dynamic world, Mr. Speaker, where things change overnight, and in the last few months the situation in Barbados has changed as far as certain indices in the economy are concerned, and I attribute that to external forces completely outside of our control and totally unrelated to the good and wise leadership of the Barbados Labour Party Government. We had no say, Mr. Speaker, in the prolonged recession that is affecting the international economy, we had no say in that.

Much as the hon. member for St. Michael South Central is trying to emerge from this debate as a kind of economic chaldean, it was not in his power to predict that the weather would have been as bad as it was and that we would have had this year thus far the most unseasonably heavy rains since 1896. As much economic chaldean as he is claiming to be, Mr. Speaker, he could not have predicted that. That had nothing to do with the Right Honourable Prime Minister and Minister of Finance.

When the Right Honourable Prime Minister spoke on the 31st March last, on the occasion of the Budget, the crop was only a matter of weeks old, there was no indication then that we would have had to finish this crop with some 40,000 tons of raw cane left standing in the ground. Much as the American dollar was rising, Mr. Speaker, against European currencies, no one could have foreseen then that we would have lost as a result of the effective devaluation of the European basket of currencies something like \$270 Bds. on every ton of sugar. No one would have anticipated that, not even the Prime Minister or the economic chaldean on the benches of the Opposition. Sugar, as it has been pointed out, much as it is today only one of the several props on which this economy is structured, because of the fact that so little import goes into the earning of every dollar in sugar, when you lose \$43 million in sugar as we lost this year, you are in effect speaking of a loss of \$100 million, for example, in tourist earnings.

4.30 p.m.

That cannot be ignored although the last speaker for the Opposition said that \$43 million is no big thing. That is just a commentary on how far he has got to go to begin to understand what we are talking about, Mr. Speaker. He said that \$43 million is no big thing. In terms of this Barbados economy \$43 million in sugar is a huge thing; it is a lot of money; it can carry us a far way and it can save us from a lot of difficulties, and it is because of the fact that it was not there this year that we find ourselves confronted with certain difficulties. I just want to say before I leave the external force that the continuing recession in the North Atlantic economies in

particular has meant that there has been a contraction of demand for goods and services which we offer. It has meant that there has been a slowing down of the flow of external capital. It has made the general climate for investment uncertain. It has affected the amount of disposable income which the citizens of those countries in the North Atlantic have and to that extent, Mr. Speaker, it has affected our tourism and our manufacturing, and that is not a matter which we can ignore. So it is as a result of these difficulties which have tended to become more manifest in recent weeks and in recent months that we are faced with the difficulties which now confront us.

I want to say, Mr. Speaker, that it is almost miraculous that it was not until January of this year that we in this country began to feel the full effects of the international recession. Whether it is because of the fact that we had used the construction sector as the lead sector in the economy, and that was mostly financed by local savings and local capital, whether it was because of that factor or others, I am not sure, but it is a matter of record that it was only at the beginning of this year that we began to feel the full effect of the recession in the international economy. And what are these manifestations, Mr. Speaker, in the economy which I categorise as difficulties? Government revenue has fallen below expectations. That is the first manifestation. In short, Mr. Speaker, there is a kind of cash flow problem. Capital expenditure has been growing faster than our revenue can support. That is a direct consequence of the decline in Government revenue. The balance of payments surplus which we experienced for three years is now in deficit and our foreign reserves still incomparably more healthy than when we took over the Government in 1976 are falling because it ought to be remembered, Mr. Speaker, lest they forget that we only had enough foreign reserves to import food for about two weeks when the Barbados Labour Party took over in 1976. All of that is clearly documented in the Central Bank Report. To say that they do not know about that is only to parade their innocence.

What are these measures, Mr. Speaker, that we have designed to address these difficulties? First, Mr. Speaker, we have raised some money particularly to deal with what has been a running sore in this economy, and that is the Transport Board and the transportation system. We were spending, and you will recall the debates some time in March, Mr. Speaker, something by way of \$1½ million a month in subsidy for the Transport Board and we felt as a Government that we could not continue to subsidise the Transport Board at that level; so we decided that we would raise by way of a levy money for the Transport Board and put it into the hands of a Board, and that Board would have the responsibility of modernising the fleet, replacing the whole fleet thereof and also pay some attention to the repair of the roads in this country.

We have reduced spending on capital projects, that is, on the expenditure side, and we are setting about to improve the collecting techniques as far as Government revenue is concerned. Sufficient emphasis has not been placed in my view on this point, Mr. Speaker, but I believe that it could be anything like \$20 million owing to the Government at this hour, and that if we with taxes now collected could improve both the personnel and the equipment available to the revenue collecting agencies, we might be able in a short time to collect a large part of the \$20 million or so owing to the Government.

We have decided, Mr. Speaker, that we will try to increase exports if we can, given the difficulties in the regional and extra-regional markets, and that at the same time we will reduce the imports and in trying to reduce imports, Mr. Speaker, we are not affecting the essentials on which people rely. When we try to reduce imports of motor cycles and jewellery and cameras, who are those people that are suffering particularly to cause the hon. member for St. Philip South to be distressed? Who are these people when we reduce the importation of motor cycles and expensive cars and jewellery and video tapes that will cause any of the hon. members on the other side to be distressed? We have been humane and selective in terms of the items of importation which we have restrained. In addition to that, Mr. Speaker, we can say as early as now with confidence that it will be necessary to control wage settlements within reasonable limits and also we have already restrained credit.

It is my contention, Mr. Speaker, that the totality of these measures directly address the difficulties that we are facing in the economy, and unless there is a sudden worsening of the external situation, Mr. Speaker, I have every confidence that these measures will see us through. What are the alternatives, Mr. Speaker? We will either have to borrow excessively, either domestically or externally, or the alternative as has been pointed out by the Rt. Hon. Prime Minister, would be to print money which would be irresponsible, which would lead to inflation and it would cause us to lose the respect of the international financial community and will cause the worth of our currency to devalue significantly. To pursue any of these courses, Mr. Speaker, would have been irresponsible and unwise and would in effect have done a disservice to the people of this country. So the measures which we have implemented in my respectful submission are wise, they are responsible, they signal to the whole world, Mr. Speaker, that we are a responsible Government, we are determined to be prudent in our management techniques, and they indicate too, Mr. Speaker, that we have the political will that when the governed put us here as governors, that is what they expect of us, Mr. Speaker, to save them from the worst effects of the international crisis and to have the political will and the wisdom to take decisions when they are necessary. We have no

feeling of shame in relation to this decision which we have taken.
4.40 p.m.

We are the ones who insisted that this debate should be conducted in the full glare of the public. There is nothing to hide, that men and women can sit in the privacy of their drawing rooms and listen and evaluate and ask themselves whether the debate has something to do with who burn down St. Philip's Church or whether raising the bus fares from 40 cents to 60 cents in 1981 is a good cause for the hon. member for St. Philip South to suffer from distress. We have no shame about discussing these matters in public because these matters are nothing to be ashamed about. They reflect the good sense and the good management of the Barbados Labour Party administration.

Now, Mr. Speaker, I think there is one component of our package that I think is not sufficiently well understood. The Governor of the Central Bank has been hinting at it and as to be expected, he has been met with a certain amount of shouting on the part of spokesmen for the unions and others and that is the necessity, Mr. Speaker, to have wages within reasonable limits. Now it is because the measures that we have instituted can be regarded as demand management measures that this is important for three reasons, Mr. Speaker.

If we allow another increase on the scale now that the economy is not performing as well as it was doing two or three years ago, on the scale to the last increase, we would be adding something like 80% to the wage bill of the Government and the Government would not be able to afford that.

In addition if we allow unrestrained wage settlements at this time, the extra money around would feed itself into the credit system, would make the availability of credit easier and that in turn would put pressure on the balance of payments.

The third reason why it is important that we have a reasonable wage settlement relates to the fact that the goods we produce have got to be sold in the regional and extra regional markets that are weak at this time and we are getting stiff competition from our neighbours who produce cheaper than we can because of lower wages and also from countries further afield like Haiti, the Dominican Republic, Singapore and Hong Kong.

It is important, therefore, if we are to retain our competitive edge in relation to our exports that it is vital that in strengthening our balance of payments that we have a reasonable wage settlement over the next two years or so. That does not mean Mr. Speaker, that there will be no wage increases but they have got to be reasonable.

When we were earning well and generating a large measure of prosperity, the policy of this Barbados Labour Party has been to spread it. That has been the experience of all people in this country in recent years. The Barbados Labour Party spread the prosperity that we created. Now, because of no fault of our own and things are not as prosperous as they used to be, equally, Mr. Speaker, it will be our responsibility to call upon the people to accept a little less. Other than that, it will be irresponsible leadership.

Let me turn quickly, Mr. Speaker, to this suggestion on the part of the Opposition that we should create some task force to look at the problem in this country as far as the economy is concerned. Less there be any doubt, let me say that we are the task force legitimated by the events of June 18 last. We are the task force that rescued this economy from the condition in which you handed it to us in 1976. We are the task force that created the prosperity we experienced in this country over the last five years and we are the same task force, Mr. Speaker, that will address our minds to the problems confronting us now and that will lift this country to new heights in the economy, the same task force.

If you are indirectly suggesting that there is need for a national government, you will have to win the election in order to have a say. You will have to win the Government in order to have a say. There will be no national government and there will be no task force of the sort that you are calling for.

Mr. Speaker, Sir, the mover of the Resolution...

Mr. SPEAKER: The hon. Minister has two minutes in which to wind up his debate.

Hon. Dr. R. L. CHELTENHAM: The mover of the Resolution did say, Mr. Speaker, in one of his more irresponsible utterances that the IDC programme had collapsed because of the cost of the money which we had borrowed in order to finance our factory programme. That statement Mr. Speaker, is supplied in the face of the facts. I think that in the time available to me I must put the lie to it.

The IDC has never done better than in the last five years. Whether we use the index of job creation or factory expansion or the amount of new capital that has come from local as well as foreigners or the amount of applications that we have processed and approved or the amount of factories that have actually been established, whatever index of measurement we use, the IDC has never done better than in the last five years. That is a matter of record.

It is a fact, Mr. Speaker, that at the IDC we have had to lay off 43 workers in the construction sector over

the last month or so but that arises from the fact, Mr. Speaker, that the international agencies are insisting that in bidding for the contracts to erect IDC factories, IDC must be in no more an advantageous position than the other bidders and we lost a contract and as a result we had to lay off 43 people but we still have a work force of over 240 people in construction.

We have already built more than 50,000 square footage of factory space for this year and we are currently building about 50,000 more and before March 1982 we will build much more so that it is not true at all, Mr. Speaker, to interpret the laying off of 43 people, all of whom have got work with private contractors elsewhere, it is not true that that should be interpreted, Mr. Speaker, as any collapse of the IDC programme.

So I am happy to speak in opposition of this Resolution which is misconceived and misdirected and which in itself can do nothing towards addressing the problems which presently confront us.

Mr. SPEAKER: This brings us to the end of Private Members' Business for today.

Hon. L. S. CRAIG: Mr. Speaker, before I suspend the Sitting for ten minutes for the removal of the equipment from the Chamber, Sir, I shall be seeking leave of the House, Mr. Speaker, to give notice of a Resolution and in so doing, I would request that I be permitted to revert to item (g), Government Notices with the leave of the House.

Mr. SPEAKER: All right, no objection. The hon. Minister may proceed.

GOVERNMENT NOTICE

Hon. L. S. CRAIG: Mr. Speaker, I beg to give notice of the following:

Resolution to authorize the Minister responsible for Finance to borrow by issue of Treasury Bills further sums not exceeding one hundred million dollars and such sums as may be required to pay off at maturity bills already lawfully issued and outstanding.

I am requesting, Sir, that this Resolution be dealt with in all of its stages this evening, Mr. Speaker.

SUSPENSION OF SITTING

Hon. L. S. CRAIG: I beg to move, Sir, that this House be now suspended for ten minutes for the purpose of the television cameras to be taken out of the Chamber.

Mr. SPEAKER: If there is no objection, we suspend for ten minutes.

4.50 p.m.

On Resumption:

Mr. SPEAKER: When the suspension was taken, Item No. 1 was the Instant Order of the Day, the Honourable Member for St. Joseph had risen and given an indication of his pleasure to speak, but as I do not now see the said Honourable Member in his place, is there any other Honourable Member who would like to exercise his right to make a contribution to this debate? (PAUSE)

The Honourable Minister.

Hon. L. S. CRAIG: Sir, I surely would have hoped and I believe they still have the opportunity to discuss this measure which is before the Honourable House and which is, Government is seeking the passage of a resolution to acquire a parcel of land in My Lord's Hill for the purpose of building of houses and other facilities. There is no doubt, Sir, in my mind that I would have been very worried within the Opposition as you would have done too, I believe, Sir, in our years in the Opposition and grabbed any opportunity which presents itself to discuss a resolution to make criticism of the Government. I think it was Sir Winston Churchill, Sir, in his heyday who once said that the duty of the Opposition is to oppose, that is their first duty and their second duty, Sir, is to oppose and their final duty is to oppose.

I would therefore, Mr. Speaker, have to play a role in this resolution in the light that certain statements have been pronounced from the Floor of the Honourable House, and in recent times, Sir, in the press. Let me go on record at this time in saying that the National Housing Corporation of which I had the honour to be their guiding light between the years 1979 until 1981 and which I hold full responsibility for the five years that we were in power, full responsibility, Sir and I say without fear of contradiction that it has never performed as well and it can only perform as well not better than when it was under my jurisdiction, Sir. I say that without fear of contradiction.

I heard about standards of the National Housing Corporation building have fallen. This is what the Honourable Member for St. Philip North spoke about, the building of low income houses for people and indicated that we were only looking after the well off and requested to know what was the policy of the Government on housing. The policy is quite simple and quite clear. To provide for the people in this country wherever possible, not only the lower income, the people of this country, an opportunity to own their own homes. That is the policy of the Government and we set out,

Sir, to go towards that and thereby had an unparalleled and unprecedented building boom in this country. The National Housing Corporation was the guiding light, was the beacon between 1976 and 1981. A record, Sir, that from the Manager in the Administration to the messenger, from the Chief Technical Director to the labourer can look around and be justly proud of his work. It is therefore unfortunate that Honourable Members on the Other Side and certain pronouncements in the press that the National Housing Corporation was not performing in respect, especially of the people and their rents, whereby there was some \$6 million or \$7 million outstanding. I am going to sound a very, very serious note, here.

Of the \$6 million that is outstanding, if my memory serves me right, is not \$6 million in rents owing by the people, it is almost \$4 million owing by some of the lawyers in Bridgetown who received the Barbados Mortgage Finance money and refused to pay it to the National Housing Corporation. I am going to call some of the names, too. Some of your very colleagues under your jurisdiction, all of the Martindales and the Lloyd Smiths refused to pay the National Housing Corporation their money after the Barbados Mortgage Finance had sent it to their solicitors or their attorneys and you, in turn, should have sent the money to the NHC. I have a list of them, here and I am going to call names. Under your jurisdiction, and that is what he said, that you would have been on a bad wicket because you could not do that. You go to the Minister of Housing – you rent people that could have been given keys up there at Eden Lodge, women 55 years old who could not qualify for a mortgage. You set the pattern.

I am going to read a letter – I am going to read from where the Chief Legal Officer sent to the Minister on that occasion. (ASIDES) All the Lloyds Smiths and the Martindales, all the Brathwaites and secretaries of your Party that owed the Corporation \$6 000 for 19 years, 1962 he borrowed the money and did not pay it back until Election, all the Brathwaites that was Secretaries of your Party. That is the behaviour that you, as Minister condoned. That is why you had to get the Hanschell Commission to look into all the infelicities and the behaviour of the National Housing Corporation. The staff became demoralised, they could not function. 5.15 p.m.

Men and women were lining up for homes. You should hear them coming to me with their pleas and their cries, but I told them they had to go to the Tenants Committee of which Senator Milroy Reece was in charge, because I was in no position to give them houses, I was in a position to ask that they be helped, no more than any of my colleagues on this side and on that side. (Mr. GREAVES: That was my stand, too). No, that was not your stand. Listen for your stand now. I am reading from a file, a progress report on sale of houses at Oxnards,

Phase I, Wildey, Lodge Terrace and Friendship. We were not in power. You are getting scared, you think I am going to call your name, I know you are trembling in your shoes. (ASIDES).

Mr. SPEAKER: Let us have some order. Kindly address the Chair, Mr. Minister.

Hon. L. S. CRAIG: The National Housing Corporation venture into the commercial property market was made without any settled or defined policy. Prospective purchasers were given keys to houses on payment of a deposit and on their signing a document, which is at Appendix A. One of the clauses in this document required the purchaser to pay a fixed sum, for example, \$125 per month until a mortgage had been obtained. This fixed sum was not occupancy rent as such, because purchasers were told that such sums as had been paid would have been credited to their accounts, thereby reducing the amount of the mortgage. No serious attempts were made to collect the fixed monthly payments, no serious attempts under your jurisdiction. Prospective purchasers were never required to produce satisfactory evidence of their eligibility for mortgage finance before keys were delivered to them, nor were any formal agreements to purchase ever entered into between the Corporation and the prospective purchasers. The following Table indicated the uncompleted transactions at the 15th September, 1979 and the progress made by July, 1980.

Now, Sir, we tried our very best to collect the outstanding arrears, and in so doing used a relatively humane approach to this matter. I believe that they are people in the National Housing Corporation's houses who wickedly refused to pay the rents, but all the blame must not be placed on the tenants, though it is their responsibility to pay. Much of the blame must be put on the collectors who find themselves hobnobbing with women in the very estates, drinking liquor with their friends, and they were selected to collect the rents by their political affiliation, as well as the people were put into the houses on the same basis, so you had that integration. The collectors are Dems, the tenants are Dems, so how can I go and put out my brother from the house? We have found that rents totalling sometimes \$4,000 at something like eight and ten dollars per week, a man owing \$4,000, and we are in power for five years. No reports, absolutely nothing was done, and this Government in five years, Mr. Speaker, was able to rectify, not all, a number of the problems which faced the National Housing Corporation.

When the economy was buoyant they shared, when things are looking rough ahead, like a good pilot in a plane, he warns with a signal light, fasten your seat belts, you have not got into the danger zone yet, but he warned you early, turbulence ahead. The international economic

barometer has made it that way, to fasten your seat belts, therefore abandoning two projects for the time being, to reschedule them, to start again. That is nothing which the Ministry of Housing and the Minister should be ashamed of. The Opposition then should be ashamed of their friends who are known members, and I will read out their business now too.

Now, the first letter to the purchaser, who would obviously have a lawyer working for him. Of course you were in power, so you appointed all of your lawyer friends, the Smith and Smiths, the Phillips and Barrows. I think you were in that Chamber, do not deny it, so some is going to rub off on you now.

Now, Sir, Oxnards Development, Phase I. We were not in power. Alfred E. Martindale. Does anybody in here know him? He lives in Sandy Lane. \$44,353; Alfred E. Martindale again, \$35,040; Lloyd Smith, Corner of Synagogue Lane, \$35,067; one Michael Springer, I do not know who is Michael Springer, you would know if he is related to Patsy, \$50,056; Alfred Martindale again, \$53,897; Michael Springer again, \$25,000; Vernon Smith, who knows about Miss Goring, and the member for St. James South, they know about Miss Goring, Miss Hyacinth Goring. He was the expert on it, he allowed Miss Goring to go out of Barbados; that hon. member, Sir, the hon. member for St. James South, Mr. Simmons.

Mr. SPEAKER: It is improper to refer to any hon. member by his name.

Hon. L. S. CRAIG: Yes, Sir, I apologise, Sir. The member for St. James South demoralised the whole Police Force. They could not even pay their rents to the National Housing Corporation. He dragged it down in the eyes of the public, Sir. One Lawson Bayley, Martindale again, Asquith Phillips \$16,000, Elliot Mottley \$16,310; Martindale again \$16,000.
5.25 p.m.

You have Hewitt \$14,000; Martindale again \$16,391, \$16,000 and \$16,000. All of this, Sir, is money owed to the National Housing Corporation. (*Asides*) I will not embarrass you.

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

Hon. L. S. CRAIG: Yes, Sir. That was an aside not meant for your ears. The Chief Legal Officer wrote a letter to the legal members who had much of this money to pay to the National Housing Corporation and far from treating him with the courtesy of a reply, they abused him and told him that the only place he could get a job was at the NHC and that he could not earn his living at the bar, and he threatened to carry them to the Chief Justice. But it is an old time thing of the lawyers

I am told that they receive people's money, put it on fixed deposit, and get the interest. They received the clients' money in this case, they took the money from their clients, money that should be given to the National Housing Corporation to build more houses for the people and bought land and speculated on it, an old time trick in the legal profession. I know your integrity at the bar in the past and at any other time has been exemplary, but I cannot say that for other members of the profession and in particular members on that side and their party; not those in here.

Now this is a difficulty which you have created for the National Housing Corporation, that you had people who were purchasers who received the keys and were paying back the money to the Mortgage Finance Company what they were told to pay, but the National Housing Corporation did not receive the money from the lawyers in Bridgetown to the tune of \$3 million. They had the keys themselves and an idiot like John O. Smith boasted that he could work for \$240,000 signing conveyances, and then you come in here and criticise the National Housing Corporation. I know he was on a bad wicket. If I were in your position I would go outside during the debate. I mean the former Housing Minister in the former Government.

Now, Sir, I could not help but rise to pay tribute to the work of the National Housing Corporation. The Board performed well, the members of the staff performed well under very difficult conditions. No longer between 1976 and 1981 did people hear their names on the political platform. The staff felt proud to walk about the road with their uniform that they never wore before and on it they had NHC, proud that they were part of an organisation that was housing the nation and housing it well.

Let me tell you, Mr. Speaker, the work sites they had going. Bagatelle in St. Thomas; Wotton in Christ Church, all in five years. Fernihurst in St. Michael, a dream that any Barbadian can be proud of. That is what you call a development. Rosemont where now you have houses being built. The hon. member said we were not paying attention to the low income persons. They are now being built in a way with a dividing wall where anybody living in one of these houses now have the right to purchase the house. That is what we are providing for the low income family, a kind of condominium type of house. You built something with one roof, and if you took off one sheet of galvanise the next door neighbour would get wet. St. Cecilia, Sir. Cameron Tudor, that mischievous lady, wrote in the papers that I blow hot air and built a swimming pool to cool myself in. If I had to do it all over again, I would do it just my way, and that is the Government's way, because I would have provided something for the very low income people with facilities that the upper income people can afford

to build for themselves. I am sorry I could not build one in every district if it were possible for the little toddlers to go in and learn to swim and enjoy the facilities there. Not like Martindale with one out of the same National Housing Corporation.

There is Free Hill in Black Rock with 68 houses built for low income people at the price of some \$40,000. In the light of adverse economic conditions throughout the entire world, we were able to perform that well. Haynesville in St. James where the hon. member for St. James South went down there and abused all the women and insulted them by saying they had to go to bed with a man to get a house. Villain of the peace. There is low income housing at Orange Hill. You do not know of the very land that you acquired and refused to pay for. We had to pay and leave a road with two lamp posts in the middle of the road. That was your planning. Wavell Avenue, the resiting of people from Spring Garden Road and building houses for the people to live in and not only repair the ones that they were in, adding on toilets and baths, something that you never did. You moved them like cattle with a lot of old boards outside and new ones fixed together. We painted them in the national colours of the Housing Corporation, provided for them proper fences around their homes, gave them water and light. What you did was to move the house and you treated them like cattle. Bonnetts, Lammings in St. Joseph, something that I felt deeply within myself the people of St. Joseph were deserving of. They supported this party for years and gave its first Premier and Prime Minister of a West Indies Federation, and I would hope that the present Minister when the case arises would name it Grantley Adams Terrace in the name of that great grand old man of this country. That is what I would hope. Wildey in St. Michael, Sir. The Ivy. Where you talk about other facilities, this is what we do. This is the policy of the Government. I do not think there is a change in policy. I do not think they are even contemplating a change in policy.

Inside the new estates we try to build little shops so that the dress maker, the beautician, the shoe maker and maybe even the Rasta if he wishes to can occupy one of them without any political favours as far as I am concerned, and in it give them the facilities, a playing field, an all-purpose court. The Government does not build a road tennis court. That is nonsense. The people create the courts themselves. They create it by marking it out. What you do is to create an all purpose surface and they mark out the courts. This is what the former Minister asked for. I want to make that clear because when some people read the debates they would not mistake it for the hon. member for Christ Church North Central or North East. I am referring to the former Housing Minister in the former DLP administration so that historians would know it is he that I am referring to, the hon. member for St. Michael North. Look what you are involving your Government in, to build a hard court to play road tennis on.

You do not build a hard court; you mark it out. You never had boy days though; that is your problem.

There is Maynards in St. Peter, Mr. Speaker, and then there is West Terrace where some 500 houses will be built at a cost of \$50 million. Now I heard a lot of talk about the price of the houses. Most of the components that go into a house we import, therefore if you have external factors that we have to import, the price will have to go up. As Minister then, I was told by the advisers whom I would rather err with and whom I praise that they would come out at between \$85,000 and \$90,000. Then I was told that they would come at about \$100,000 but remember the facilities that they are getting. Nobody is criticising J. B. Corbin for building some for \$150,000 without any facilities. The refurbishing of Princess Royal, Silver Hill, Gall Hill that the hon. member for Christ Church West Central is talking about. 5.35 p.m.

I imagine, Sir, fate is a wonderful thing. Two Maurices, one black and one white and the black one was more white than the white one. Two Maurices for a campaign. I know both Maurices well, Sir, and I know that the black Maurice is a real, real white man. So much so that I heard for a fact that he bought a two seater car so that he could not put anybody in it and he still drives a two seater car to this very day but fate plays a funny game. I bow to the wishes of the people. They got mixed up with the Maurices. That is as far as I am concerned.

Eden Lodge, Haynesville, Bagatelle and Clapham, all of these were resited programmes carried on. Day Nurseries in St. James. Sir, two pavilions in St. James and one at Cave Hill, all of these done by the National Housing Corporation staff and above it all, the first time they have ever had a trained manager, a trained financial Controller, a trained Director of Technical Services that you held, as a former Minister of Housing in the Democratic Labour Party and kept him up at Marine House with a snow cone cart with nothing to do, and almost driving the man's brain that it could not function. Yet still he walks around with his chest up in the air saying that I have built this. This is what I have done.

Sir, amidst all of that, the Chief Estates Officer, the Special Assignments Officer has to battle day after day with the hundreds of people who come before her and abuse her in search of housing because they are in great need.

Finally, Mr. Speaker, I think we should be saluting the staff and the administration of the National Housing Corporation for the important role they played in hurricane Allen when it struck Barbados when they had to come off the site and do the work from dusk until dawn, seven days a week all through the night when all of

us were sleeping they were hurrying and working hard to rehouse the people in this country, houses which were struck down by the hurricane, an act of God.

I heard on the other side a pronouncement of members that the National Housing Corporation does not perform and did not perform. This is an insult to all Barbadians and I know that we have the nicest housing programme in the Caribbean. You only have to go into Caracas. The hon. member for St. Michael South Central will know this, an area of the world where all around them you see people living in little huts and we pay here \$10 a week, \$5 U.S. a week for a three bed-room house with water toilets, bath and built-in kitchen sinks, all of these things and then turn around and maintain them. This is the social programme of Barbados.

Your administration tried along the road, I will not deny that. It is true that your approach I would say was not in keeping with modern day thinking and a progressive Government. It is unfair to hear coming from that side anything about the National Housing Corporation did not perform. Rather, that side should stand up and salute them for the outstanding work that they have done and I sincerely hope that they will continue in the Corporation to go from strength to strength to help out my brothers, my sisters and your brothers and your sisters. I sincerely hope that they will soon start Maynards again. Thank you, Mr. Speaker.

Hon. DeL. O. BRADSHAW: Mr. Speaker, Sir, . . .

Mr. SPEAKER: The Minister is exercising his final right of reply.

Hon. DeL. O. BRADSHAW: Mr. Speaker, I have listened quite attentively to the contributions of those hon. members who have taken part in this debate. When I introduced the Resolution I indicated that hon. members from the other side would have taken the opportunity to ventilate their views on housing. I was also aware that the other side was awaiting this opportunity to talk about housing and to talk about lay-offs and stoppages of work and the like.

I want to begin by letting this Honourable Chamber know that I take my responsibility very seriously indeed and my approach to the Ministry and their affairs coming under my Ministry will be a very serious one indeed.

I inherited a Ministry which has under it the National Housing Corporation as a governmental agency responsible for housing some of the people of Barbados. It is not the only housing department or the only department that provides housing for the people of Barbados but we must understand that no matter what we do with an organization, there is still room for improvement and I have been trying to pursue policies, created here

and there, or trying to build on what I saw as right and try to eliminate what may seem to go wrong in the future.

One has got to be constantly reviewing the operations of that corporation because it inherited from the time of its inception what is known as very bad practices and one of the bad practices that I was able to point out was one of its not collecting the rent from the persons in a manner that one terms satisfactory.

I want to state on the floor of this honourable Chamber, that I am not satisfied that the National Housing Corporation is collecting the rents or has collected the rents as it ought to have been doing in the past. I say this because with an arrears of over \$2 million when I inherited the Ministry I still feel that the administration should be doing better than that.

I have addressed myself to this situation and it is my policy to ensure or to make sure that within the shortest possible time that the question of arrears will be a thing of the past. I want to make my position abundantly clear. I am not compromising that. That is one of the reasons why politicians time after time have been able to use the people and fool the people in the housing estates and I want to move towards eliminating that sort of nonsense that we see every five years.

In calling on the tenants to pay their rent, I think I am behaving responsibly and I have asked a number of persons who have approached me and who have written and telephoned me and they have been complimenting me for the action that I have taken.

I am mindful of one of the Editorials in one of the newspapers which criticised past Ministers and past Governments for failing to collect arrears and I am going to pursue that policy with as much vigour as I have in my body. I want to make that abundantly clear.

The situation is that the maintenance and operating costs at the National Housing Corporation far exceed the rents collectible and that situation cannot be allowed to continue. How can you have on the one hand operating expenses more than the collectible rents? It is an undesirable situation, Mr. Speaker, and all that I am trying to do is to correct that situation so that we can have the Corporation operating like a proper business organization and that is what I see the National Housing Corporation as and the role which it has to perform.
5.45 p.m.

I am going to seize this opportunity to say that since 1973 rents were not increased and I am going to also say and I hope the Opposition understands where I am coming from, in 1969, the Democratic Labour Party increased rent and in 1973, four years later, they had another increase. For eight years, Mr. Speaker, Sir,

rents have not been tackled and I feel I am justified in asking or calling on the tenants to pay increased rent and Mr. Speaker, Sir, the increased rent will be on from the 1st November, 1981. There is not going to be any compromise on that and I think I have got the support of all Barbadians who understand what is meant by honouring their responsibility and commitment to the national development of their country.

Mr. Speaker, Sir, the National Housing Corporation embarked on what is known as its commercial project and here again, I found that some \$4.6 million was outstanding when I assumed office in June and I addressed myself, almost immediately, to this situation because I felt it was unfair to ask the Ministry of Finance to consider any further subsidy to the Corporation, when it had \$4.6 million on its commercial and \$2.5 million on its non commercial and therefore, I took the initiative to direct the National Housing Corporation to collect to put its house in order, to tighten up every screw and collect the \$4.6 million on the commercial and try to wipe off the arrears. I think that that is a responsible position that was taken.

I cannot see how someone can call on me as Minister to give people an opportunity to pay in 15 years for arrears which they have accumulated not only under our administration, but under the Democratic Labour Party. Mr. Speaker, Sir, there is one point in case, it is ridiculous, almost ridiculous for me to have to repeat it in here, where a young man has a motor car, he changes it every single year. He now has a Subaru and he owes the National Housing Corporation \$4 700. How can I sit down and go to bed, how can I go to bed with a situation like that? This young man is not any one that is in any hard up position, or hard up situation, he is able to change three motor cars, year after year, but he continues to live in the National Housing Corporation house for nine years without paying one cent. That situation cannot continue.

There is a situation, where, under the past administration, one woman was given two houses — a well-known supporter of the Democratic Labour Party — two houses in Wildey, she never paid for the houses. She is not in the island now, but she had one of the houses used for her band, and one of the houses she lived in — a very close friend of the former leader, you know her — and that woman left the country owing over \$2 000 or \$3 000. We cannot recoup those arrears, but such was the situation that was condoned by the former Administration.

The former Minister, I do not now see him in his seat, he cannot take the heat, that is why he has gone out, but he used to allocate houses, he had the gumption to get up here today and talk about the allocating of houses, and rents, when I had the privilege

of seeing a list which was prepared by him in his own handwriting sending down to the court to allocate houses in Oxnards. He never allowed the Board to function, he used to take that role on himself and he was condemned for that sort of behaviour.

I am going to say this and I am going to give this Honourable Chamber the assurance that during the time that I am Minister of Housing, no keys will be given out by me. The National Housing Corporation has a Tenants Committee and that Committee will be responsible for the allocation of houses. I want to make that abundantly clear. I want hon. members to understand, too and the public at large, that applications will be dealt with on merit and there will be no short cuts. Nobody will hope, and I hope they will not be seeking to come and get a house overnight. I will not be bypassing the rules, I adhere to the principles as laid down and I am going to see that those principles are adhered to as long as I am Minister of Housing.

So, I do not want — I have given the Honourable Member from St. Michael West the assurance that when he wants a house, he can refer the person to the National Housing Corporation, and I am looking at the administration to see that it is best able to handle those applications properly. I know that there are a number of complaints that have been coming before my ears, but, I want to give the public the assurance that everything is going to be done to improve the administration of National Housing, even better, so that the applications will be dealt with speedily. I know what a number of people have been saying.

I only want to point, Mr. Speaker, to a question raised by the Honourable Member for St. Philip North. He invited me to disclose the policy of the present Government I want to make a few points and I hope that he has his pen to take a few notes. The policy of this Government — I can spell out a few for him — is to continue to search for new techniques and new systems that will help us to speed up the building of houses and to reduce the cost which I consider in many instances to be too high. So, that is one of the policies. I will be exploring all possibilities to see how best we can reduce the cost of housing.

I have already declared my policy in respect of the lower income. When I went to West Terrace, in July, my first confrontation with the press, on that occasion I said that I was a little concerned about the high cost of housing and that my policy will be geared towards building more housing for the lower income, I gave the public of Barbados that assurance that I will be concentrating very heavily on the building of houses or providing houses for the lower income bracket, looking at a house that did not exceed \$50 000. But, at the same time, the West Terrace, being as it is in a prime area

where it is supposed to be prime land and very good development, one cannot hope to have cheaper housing, a house cheaper than \$50 000 down there, it is virtually impossible. So, I want to let the Honourable Members from that Side understand that I will be looking at a mixture. In other words, the more expensive will be complemented with the lower and with the less expensive house. That has got to be my policy towards housing in the years ahead.

The Government's policy is to provide house ownership. We believe, unlike the past Administration, the DLP Administration, that house ownership should be a policy to be proceeded with and we are doing everything in our power. The Tenancies Freehold Purchase Act is one of those measures to give Barbadians the right to own the property and to own the homes. We believe in letting Barbadians own the homes because when people own property or own homes within a country, their interest is more at stake and they do not hesitate to protect their interest and the country.

Another policy of the Government is to invite the private sector to join with the Government in providing housing for the people of Barbados. The policy of this Government is not only to build. I do not want to see National Housing emerge as the sole and only builders of houses. I am going to invite — I have already set up the mechanics to invite the private sector to sit down with me and we will try and map out a policy, a plan so that we can attain what is known as a National Housing plan. It will necessitate the involvement of the private sector as well. I am looking forward to the fullest co-operation from the private sector.

So, what I have also decided to do is to make certain lands or sites available, even if it means the Government putting in the infrastructure and invite the private sector to build. In that way, we would have the participation and we will be moving towards our real national housing plan. Everybody will be involved. That is the policy of this Government.

The Honourable Members from that Side in dealing with this resolution alluded to the land, they wanted to know why we are buying land. The policy of this Government is to have a land bank.

5.55 p.m.

We must acquire land from time to time because of our future projections. This particular acquisition in My Lord's Hill, we will not be able to build immediately, but we are hoping that by having this land available when we want to build in that area we will be able to do so.

Mr. Speaker, I thought the Opposition would have been doing their homework, I thought that the most

valid point they would have made on this Resolution would have been, as I understand the Deputy Leader of the Opposition who said it was controversial, I anticipated at least from him some discussion or debate on the suitability of the site. I would have thought that if he, or the Opposition, had raised that, it would have been a very valid point, but no such mention was made. (ASIDES). When I say suitability, I want the hon. member to listen, I can teach him this, he does not know what is going on, because the land in question lies between the Zone I and Zone II, but the Government has plans to sewer the area — Licorish Village, My Lord's Hill, as well as the Belle and surrounding areas — and then we will be able to build. There will be no building going up there until we have sewered the area. I thought they would have taken that point. Mr. Speaker, this is planning ahead, and by 1984 we will have the sewer in there and we will be able to continue the building.

Mr. SPEAKER: You are teaching them.

Hon. DeL. O. BRADSHAW: Yes, Mr. Speaker.

Mr. SPEAKER: Then teach them how to wind up.

Hon. DeL. O. BRADSHAW: Mr. Speaker, the residents of Licorish Village and the Belle, because they live in a Zone I area, are not allowed to dig any wells, and because we have passed the Tenancy Freehold Purchase Act which gives them the right as tenants to purchase their lots, we anticipate and we feel that they at some time would want to develop their homes, they would want to put on a wall back and have a proper water system. We have decided that it would be best for us as a responsible Government to sewer the complete area, to have a proper sewerage system, so that the people would be able to develop their own houses. So that is the plan, and I hope the Opposition will understand that that is what you call careful planning for the future, looking ahead, as you term it.

Now, let me get back to the layoffs, because I like to face up to things. At National Housing we have had projects at Rosemont, which is nearing completion, we are only awaiting the trowel plastic which is well underway, and the plumbing. There is nothing to be done down there, there is no room for carpenters and masons on the Rosemont site, so therefore we would have to send off those artisans. We have the Ivy, which is under construction. No work has been stopped there. The one at Bonnetts is still going ahead, we have finished the one at Wildey, we have finished the one at Haynesville. They are ready, and Mr. Speaker, Sir, we will still be able during the next couple of months to produce 224 terraced units alone, excluding the ones at Maynards, and all that I have said is this, that they have been shelved temporarily.

Mr. SPEAKER: Excluding. I cannot ask the Hon. Minister to withdraw that. I prayed I would.

Hon. DeL. O. BRADSHAW: Mr. Speaker, I say excluding because the Maynard's one was scheduled. I think an explanation is needed here. Maynard's, like Lammings, was supposed to come on stream in the next financial year. There was a token for both projects, but what has happened is that the National Housing has capitalised on the building boom and they went ahead and progressed the work very rapidly indeed. I feel that with the budget with which I have to operate that it would be very prudent of me to ensure that I do not seek the supplementaries, and I want the National Housing to operate within the allocated budget. That is what I am doing, I am not stopping or laying off people unnecessarily, I am doing it because I would like to move towards efficient management. It is my responsibility as Minister to make sure that I operate within the allocated budget, and I intend to pursue that as a policy, so there should not be any big fuss.

There were 198 artisans that were laid off, but what the National Housing Corporation has done is to send out letters to some nine contractors asking them to take on the people, and they have been responding favourably. So the people are not out of work, they are not unemployed, contrary to the beliefs and the misconceptions of the Opposition. National Housing has never yet employed 1200 employees, yet I see that headline in the paper. There were some 398 people that were laid off, 200 weeders. That is all it is, so you see people like Cameron Tudor and that gang can distort facts and information, and I want this Hon. Chamber to understand that I am not going to come here and hide up any faults of National Housing Corporation or my Ministry, I feel that this is the place for frank discussion. I will come here and seek the views of all hon. members who have got a meaningful contribution to make to my Ministry. I have invited the hon. member for St. Philip North to come into my Ministry or National Housing and extract any information which he wishes so that he can come in here and make a meaningful contribution to the debate. I operate on an open policy like the Government is known to be operating on.

Mr. Speaker, I think that I have touched on a number of the matters which were raised by members from that side. I want to give this Hon. Chamber the assurance that the area of land, 1.92 acres of land, will be used for housing purposes. For the time being it will be put in the land bank for future development. I welcome the exchanges and the views put forward by the Opposition, and I am sure that if this is a sign of things to come as far as debates on housing are concerned, I welcome them very much. I feel quite capable of handling the Ministry, and I want to give the hon. members from

that side and from this side the assurance that they have nothing to fear, I think the National Housing Corporation and housing are in capable hands once again.

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

RESOLUTION TO REGRADE THE POST OF EXECUTIVE PERSONAL SECRETARY TO THE PRIME MINISTER

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, the Addendum to the Resolution in fact sets out the matter very fully. As it happens, there is even a little more to it and some injustice has been done to the holder of the post since the post was originally fixed at the level of Secretary to a Minister. The posts of Secretaries to Ministers were revised in 1976, but this post was not because it was intended to have revised it to a higher level. A Resolution was sent down to the House in about May 1976 regrading this post to a higher level, but it failed due to the dissolution of the House. 6.05 p.m.

It was not drawn to anyone's attention that an injustice was being done, and it was only recently that the anomaly has been recognised. The holder of the post has I think, very reasonably not demanded a regrading over the four years, but I do think, Sir, that it should be restored at least to its original grade while the possibility of regrading it further arises.

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

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

Mr. SANDIFORD: Mr. Speaker, on this particular Resolution I wonder if the Prime Minister could say whether there are any other posts of a similar nature which might be in that position. I am not speaking of the post to the Prime Minister, but whether there are any other posts of a political nature which might be in a similar position, and if arrangements are being made to correct the position referred to, if in fact they do exist.

Rt. Hon. J. M. G. M. ADAMS: The hon. member ask these questions in such a knowledgeable way that perhaps I had better ask if there are any other posts. Does he perhaps mean the post of Personal Assistant to the Leader of the Opposition? Some regrading of that post has already been done. As I rose I did not realise what the hon. member meant. Some regrading has been done and I seem to remember that a minute came to me asking that the officer concerned be placed upon a scale. I consider this a little undignified for the position of Personal Assistant to the Leader of a political

party. It is basically a political job and should be paid a fixed salary with such increments only as are accorded from time to time during salaries revisions, and I think from what I can remember that I suggested a new salary at a fixed point at the top of the scale at which it was intended to place the officer.

In case hon. members opposite are worried, I really would assure them that there is really no danger of my treating the incumbent in the post in the way his predecessor was treated. I recall when I came in here once and asked that Mr. Clarence Jemmott's salary be reviewed that the hon. member for St. John said that Mr. Clarence Jemmott used to bring him papers when he was a messenger at Carrington and Sealy and stand up and wait while he signed them, and that he was not giving Jemmott any more money. I do assure hon. members that that snobbish and unpleasant attitude of mind does not prevail on this side of the House. The labourer shall be worthy of his hire and the Personal Assistant should have a salary befitting his position and not have to try to improve his position by appointing members of his family to subsidiary positions in the house in order to improve family income. These stratagems are undesirable and I hope to cure them by offering a suitable regrading when it comes.

Since the hon. member has raised it, I will now enquire for the file and make sure that whatever it was I suggested will be implemented, but as far as I recall, the increment is a very considerable one. It may increase his salary by 30% to 40% from what I can remember. The hon. Deputy Prime Minister and I have discussed this matter before, and if anything I am a little surprised that it has not been implemented, but I would have much pleasure in dealing with it when the moment comes.

Mr. TAITT: Mr. Speaker, I now have to beg leave because the Hon. Prime Minister . . .

Mr. SPEAKER: The Rt. Hon. Prime Minister having replied . . .

Mr. TAITT: That is why I said I would have to ask leave of the House to raise a question, but the Hon. Prime Minister jumped up so quickly, and by the time he had started to speak there was no indication that it was his final reply. I wanted to ask a simple question if the House would give me leave.

Mr. SPEAKER: But I do not want to create a precedent now.

Mr. TAITT: Very well.

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

THE LEAVE PASSAGES (AMENDMENT) ORDER, 1981

Mr. SPEAKER: Order No. 7 stands in the name of the Rt. Hon. Prime Minister, to move the passing of a Resolution to approve the Leave Passages (Amendment) Order, 1981.

Rt. Hon. J. M. G. M. ADAMS: This really is a very simple matter. Every time you have salaries revision you have to have an alteration in the Leave Passages Order so that the level which attracts leave passage is raised to that of the new grade. It just has been a little delayed because the general elections supervened so closely upon the last salaries revision. This is a routine matter.

I beg to move that this Resolution do now pass.

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

Mr. TAITT: Mr. Speaker, obviously we are not going to oppose this Resolution, and I am taking the opportunity although they are not entitled to leave passage to signal to the Prime Minister who is responsible for establishments the sentiment which was going through my mind. All hon. members of Parliament have persons who are designated secretaries or assistants to them. Some time last year when revisions were being done, there was an indication to some of them that a figure had been fixed but there was some process which had to be gone through before the indication of that would have reached them, and I believe that most hon. members are familiar with what I am speaking. They had been assured that in keeping with the general rise which had been agreed, they too would get some change in their emoluments, and I wonder if the Minister responsible for Establishments in dealing with the leave passages and other conditions of service connected therewith could find it possible to indicate what happened to that particular promise.

Mr. SPEAKER: The matter to which the hon. member has just alluded could not be properly discussed under this item, but I think the matter to which the hon. member refers will come up for discussion before the appropriate Committee in about a week's time or so and will be receiving some attention.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I really know nothing about it. It is a matter for the Debates Committee.

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

THE REAL ESTATE DUTY (REPEAL) ACT, 1981

Mr. SPEAKER: Order No. 11 stands in the name of the Rt. Hon. Prime Minister to move the second reading of a Bill to repeal the Estate Duty Act.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, this is so well known a matter that really there is nothing that I can add to what has been said on earlier occasions. This is a budgetary measure which repealed the Estate Duty.

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

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

Dr. HAYNES: Mr. Speaker, one of the things that sometimes, not always, can be said for the Rt. Hon. member for St. Thomas is that he occasionally listens to words of wisdom, very rarely, but sometimes as in this case he runs into decisions without a proper evaluation.

Now, Mr. Speaker, I do not wish to prolong this debate, but according to the Budgetary Statement of the Hon. Minister of Finance delivered in this House in April, 1977, when he dealt with the question of Estate and Succession duties, he pointed out that he did not regard it very much as a revenue measure but more in particular as a social measure presumably relating to the opportunities for a re-distribution of wealth in Barbados.
6.15 p.m.

Based on those assumptions and also based on the fact that the collection of Estate and Succession duties created certain administrative problems for the collection agencies over a number of years, whereas that analysis, Sir, was reasonably correct, particularly so as it did not generate much revenue, the Rt. hon. member then proceeded to make a very serious error of judgment.

He abolished the succession duty in order to ease the administrative problems within that department of collection over a time. Then he proceeded to increase the estate duties and also at the same time to increase from 3% to 12% the interest rates payable on outstanding amounts but he also did something, Mr. Speaker that was even of greater significance. It was the first time in the history of any democratic country since the Industrial Revolution when dealing with the matter of Estate and Succession Duties that you so restructured your estate duties that the net result of it all was that the smaller the estate, the larger amount you paid in estate duties.

Mr. Speaker, as a consequence of that decision taken and implemented, I think, by a Bill in this House in July of that year, he succeeded by increasing estate duties payable on say, a \$12,000 estate by 300% whilst, on

the other hand, a \$200,000 estate by only 32% and if, you were to go through and take a \$30,000 estate he increased it by 130%. If you were to take a \$60,000 estate, he increased it by 120%. If you were to take \$100,000 estate, he increased it by 25%, taking an average family of husband, wife and three children.

What the hon. member is doing basically is correcting one of the major errors that he has made as Minister of Finance in this country and in fact, when I say that sometimes he listens, I believe it was during the Estimates debate earlier this year that I brought to his attention the problems relating to the estate duties which were consequential on the rearrangements which he had made in 1977. He responded to that presumably after some pressure, I gather from the hon. member for Christ Church East to abolish the estate duties because it was not worth while trying to maintain it.

I want to make a further plea. There are many people who between July 1977 and March of this year whose heirs and successors have suffered severe financial losses as a consequence of a major error by the Minister of Finance and Planning. He clearly could not have intended to place this burden on the poor sectors of the community. I could not concede that he anticipated that it would have operated in that way and when you look at the Preamble which he used as justification for the abolition of the succession duties and rearrangement of the estate duties it was quite clearly a misunderstanding and I am asking the Hon. Minister of Finance to recognise that he made an error and to instruct the appropriate Department to review all those cases between July, 1977 and March of this year who have been hard done by as a consequence of the error which he made in his Budget of 1977 and see whether or not some relief could not be given to the most heartened families because I do not think the total money involved would be more than \$3 million to \$4 million probably in total collections and probably about \$1.5 million might have been paid in by families who might have been hard hit in that regard.

It is of some importance because you have found yourself in such a situation where someone who had built a house in 1950 with his own hands and with the hands of his friends probably for \$12,000 then died in 1970, say, and because of the high levels of inflation encouraged and fuelled by the policies of this administration that that house will now be valued at \$120,000 or \$150,000 and with the rearrangement of the Estate Duties Act as was done in July, 1977, if the family of the deceased person is not covered by insurance, then his family could easily be worried.

I think that there comes a time when any Minister of Finance can get up and say that I miscalculated, I made a serious error that has caused hardship to a lot

of people, I have responded to the demands of the Opposition and my own backbench on the abolition of the estate duties and due to the fact that I myself due to error would have caused harm to a significant number of people that I will review those cases of hardship between March 1977 and March 31 of this year. Thank you, Mr. Speaker.

Rt. Hon. J. M. G. M. ADAMS: I do not see any other hon. member on his feet, Sir. I wonder, Sir, if for the remainder of the years until I retire as Minister of Finance we are going to have the Estate Duty Act of 1977 debated once or twice a year in Parliament.

In 1977 new rates of estate duties were imposed. Succession duty was removed and adjustments were made. In some cases people had to pay a little more and in most cases people had to pay a little less. No error was made and it is not normally the practice of the Government to undertake extensive reviews of past taxation measures in order to rectify what one or two people may have perceived as a hardship.

The hon. member said that people with an inheritance of \$12,000 had to pay 300% more where people with an inheritance of \$200,000 had to pay 30% more but since \$200,000 is considerably more than 10 times \$12,000, people who only had to pay 300% increase on \$12,000 are better off proportionately than those who had to pay 30% increase on \$200,000. That is in the nature of percentages. When you raise \$1.00 to \$10.00 that is 1,000%.

6.25 p.m.

When you raise \$1 million to \$2 million, that is only 50%, but one is \$1 million and the other is \$9. Now, the Honourable Member is complaining that perhaps somebody who paid \$12 000 might previously have to pay \$100 in Estate Duty and then they would have to pay \$300, that is 300%. But, the person with the inheritance of \$200 000 who might have paid \$30 000 subsequently might have to have paid \$30 000. That is only 30% or 33%, but the fact is that the inheritance of \$200 000 attracted \$10 000 more tax, the inheritance of \$12 000 attracted \$200 more tax. So, to play about with these percentages is not to understand the use of the word percentage, or worse still, to understand it, but to attempt to mislead the public with it. A mere percent of nothing is still nothing and one percent of \$1 billion is... (ASIDES: \$ 10 million) Thank you, \$10 million.

One percent of the GNP of Barbados under the Barbados Labour Party is \$14 million now, and next year — or so the gentleman who was just here tells me, with this current year we are going on into — will be nearly \$17 million. So, when you use percentages, you can be very misleading. (ASIDES) I hear the hon. member for St. Michael West saying, "how well I know

that." I will give the hon. member for St. Michael West, the same praise as I give myself, we avoid using percentages in such way as to mislead. Not one of the many faults enjoyed by the hon. member's system of logic nor, I hope, is it one of mine.

Also, you know, Sir, there are other attacks which were made on Estate Duty and the hon. member touched on these at the end of his speech. They have all been swept away now. There was a certain inequity because wealth is not income and in Barbados there is so great a proportion of the estates actually chargeable to duty consisting almost entirely of real estate, there were enormous inequities that used to take place. Two people could be Civil Servants, entered the Service the same day, retire from the Service with the same Grade, one might have had a piece of land down at the beach of Paynes' Bay on which a two or three bedroom chattel house was erected and his children might just find themselves facing the payment of Estate Duty on \$300 000 or \$400 000. Another might have built a chattel house in Hill Road Bank Hall on the same area of land, the same size house and his children could face Estate Duty on \$15 000 or \$20 000, but the two families, one was no richer than the other, one just had the good fortune to have had a patrimony of beach land and the other a patrimony of land in a less favoured place by those that have money to buy land. Undoubtedly, you can create a case of hardship for the family of those who own the very large estate.

Traditionally, the answer has always been that your duty is to realise the money for the estate and be glad to have it, that is the traditional answer. In other words, sell the beach land, get \$400 000, pay half to the Government by way of Estate Duty and finish with that. But, the abolition of Estate Duty must put an end to all that and I think that in a country where transmitted wealth is so largely in the form of real property with wealth transmitted at death — largely in the form of real property — that the argument against Estate Duty is even more overwhelming than in countries where wealth is more realisable in assets, it is indeed normally held in the form of investments rather than properties and held in the form of paper in companies rather than the physical assets of land.

I really, Sir, cannot make any apologies for the unfortunate effects of some of the rescaling in 1977 might have had, that is inherent, I mean, all margins, have higher cases. Once you have differential rates of income tax, there is bound to be some rate where it is marginally out of your favour to work for more money because you may find that you pay more tax and so on, all margins have difficulties.

The Honourable Member is perhaps very nobly putting the case for the 20 people in the four years,

if so many, 12, 13 people who felt themselves disadvantageded by this. None of whom, Mr. Speaker, I may mention have written asking the Government for any relief. They can write and ask. The only cases that they could have written and asked the only cases that I can really recall, Sir, that I have had to deal with — I do not want, no, I cannot give the undertaking, I do not want to identify any of the Parties — but speaking offhand, I can think of a request for relief from one very large estate, where there appears there is some dispute between the legal advisers and the legatees, which has led to some financial embarrassment of the legatees and I have had I think in the five years, I can recall only three other cases, two of these cases, somebody living overseas became a beneficiary and objected to paying the Estate Duty and a case in Barbados which is still currently occupying the attention of all concerned, I think of an old pensioner who inherited a piece of land of much greater value perhaps than he had realised it was and is a little hesitant. Well, he is not in a position to pay the Duty.

Sometimes people do not realise that they can have the Estate Duty assessed on real property and pay it in eight instalments and inflation is such that by the sixth, seventh and eighth instalment in this day and age, you are really getting a great benefit. Also, I think many people prefer to write and complain than to ask a bank to give them a small mortgage for the purpose of paying Estate Duty. Any Honourable Member who has practised and had to swear out Estate Duty is aware of the problems that people without cash have when suddenly they are left with a house or a piece of land. They have no cash, sometimes they do not have title, they cannot get title without paying the Estate Duty and so on and so forth, and on and on it goes, but that was inherent in the nature of Estate Duty not inherent in the nature of any rate that was imposed.

I have never dismissed out of hand any of the four applications for relief, two of them are still under consideration. Certainly, I will look at any application but I am not going to hold out hope, Sir, because people did not like the rates and did not pay the duties.

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

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

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

On the motion of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. Dr. R. L. CHELTENHAM, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. ODLE in the Chair.
6.35 p.m.

Clauses 1 to 3, inclusive, were called and passed.

Clause 4 was called.

Hon. H. B. St. JOHN: Mr. Chairman, I beg to move that clause 4 stand part.

Hon. Dr. R. L. CHELTENHAM: I beg to second that.

Dr. HAYNES: I believe, Sir, it would be reasonable that one can go on record as saying that there is a reasonable chance that anyone who might have been severely disadvantaged between 1977 and March of 1981 would get a very sympathetic ear and probably get some relief from any disadvantage they may have suffered consequential on the error of the Minister of Finance.

Rt. Hon. J. M. G. M. ADAMS: No, Sir, it would not be reasonable to say that. Neither the dates nor the language of the hon. member is correct. Anyone who has been severely disadvantaged by the incidence of Estate Duty, whether before or after 1977, can write a letter and the Minister of Finance, neither this nor any previous Minister, so far as I can speak on behalf of any previous Minister, Ministers of Finance do not admit to any errors in respect of Estate Duty.

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

Clause 5 was called and passed.

The Schedule was called.

Hon. H. B. St. JOHN: I beg to move that the Schedule be the Schedule to the Bill.

Hon. Dr. R. L. CHELTENHAM: I beg to second that.

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

On the motion of Hon. H. B. St. JOHN, seconded by Hon. Dr. R. L. CHELTENHAM, Mr. CHAIRMAN reported the passing of one Bill in Committee, and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. Dr. R. L. CHELTENHAM, the Bill was read a third time and passed.

THE BANKING (AMENDMENT) ACT, 1981

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, the Barbados National Bank is subjected to the provisions of the Banking Act of Barbados, which is Cap. 322 of the

Laws of Barbados, and the Banking Act was not really envisaged to deal with a domestic financial situation at all, it was designed to prevent banks which were incorporated outside the island from coming to Barbados with very little capital and overreaching themselves by granting loans which would then appear as assets of the banks in their balance sheets to persons where such loans could not be supported by the banks' own reserves of paid up capital.

Section 12(1) (a) of the Banking Act does limit advances to any one person to less than 25% of the paid up capital and published reserves of the bank. Now, this creates no difficulties with Barclays Bank, whose paid up capital and published reserves, I imagine, must be pressing on two billion pounds, it does create difficulties for the Barbados National Bank. I have not got the latest balance sheet to hand, but I do assure you that its paid up capital and published reserves will not reach anywhere near a billion dollars. It does create difficulties where the National Bank is beginning to expand and it wants to lend sums of money for developments within the island which may very well exceed in these early stages more than 25% of its paid up capital and published reserves.

The Barbados National Bank, however, is in a different position from other commercial banks. Its deposits are guaranteed by the Government, and therefore the interests of its shareholders are fully — I mean, the people of Barbados are its shareholders — and the interests of its shareholders are fully protected in the event of the default of any one debtor, and also, of course, Sir, there is some control over substantial loans by the Barbados National Bank, since there is a limit above which they are required to submit the loan to the Minister of Finance for his approval, and I hope hon. members are not going to ask me to expose anybody's business to reveal how many such loans there are and what the limits are, and so on. Hon. Members will just have to assume that proper discretion is observed by all parties in these matters.

6.45 p.m.

What I would say very generally is that the substantial loans sought to be made by the Barbados National Bank are of a public or developmental character which makes it unlikely that there is going to be a default. The most substantial that I can remember indeed are all loans to quasi-public institutions, and the Bank has participated indeed in a syndicated overseas loan, I dare not mention it in the presence of the hon. member for St. Michael South Central respecting the Light and Power group, and this is a public matter. It has been published in the International Financial Journals that the Barbados National Bank is one of the syndicators in the operation. I think it is also one of the syndicators in respect of the loan to the cement plant along with the National

Commercial Bank of Trinidad and Tobago. It is unlikely to say the least that the cement plant will default to either the National Commercial Bank of Trinidad and Tobago or to the Barbados National Bank. It has therefore been decided that since the Government guarantees the interest of the shareholders and they are the only interests which are threatened by a further extension into one particular portfolio that the Bank can safely be relieved of the requirement of the 25% condition. These loans are very often absolutely first-class loans. The cement plant loan is guaranteed not by one Government but by two. It is guaranteed by the Governments of Trinidad and of Barbados and although it is very substantial, again I do not think there is much danger of the two Governments defaulting on their guarantee to their own two commercial banks. (*Asides.*) It is jointly and severally. So even if one Government by some mischance such as a mistake at the polls will find itself unable, at least the other Government would then have to meet its several liabilities for the whole sum, and I therefore recommend this Bill to hon. members as a means of allowing the Bank to take some substantial participation in some of these loans of a public character which generally are absolutely cast iron at reasonable rates of interest and represent a really substantial addition to building up these very reserves which will in time enable the Bank to take its place as one of the financial giants of Banks among small developing countries.

I should mention that the opportunity has also been taken to rephrase the exemption in Section 12 (1). If hon. members look at the original Act, they will see that the matters of telegraphic transfers, purchases of Bills of Exchange are already in the Act. That is adding nothing to it. We are just adding the Barbados National Bank.

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

Hon. DeL. BRADSHAW: I beg to second that.

Dr. HAYNES: Mr. Speaker, my concern about this particular Bill has been somewhat alleviated by the assurance of the Minister of Finance that the intention is to create conditions in which the Barbados National Bank would be able to lend large loans to public and related institutions. However, I think it is most important that we should have a look around us and see what has from time to time happened to commercial banks that have been nationalised, and see what has happened to the capital structure of those banks. In one CARICOM country, for example, a very reputable bank having been taken over by a Government within eighteen months was totally depleted of its capital assets under the name of taking it over as the national bank of the country. An important safeguard is being removed by this legislation, and I believe that the Minister of Finance should give this House further assurances that it is not only the size of a particular loan that he would monitor in the future, but

he would be keeping a much closer eye on the total loan portfolio of the Barbados National Bank.

I do not wish to be alarmist in the present economic situation, Mr. Speaker. In the past I have been severely critical of the inability of Government to absorb the Barbados Development Bank into the structure of the Barbados National Bank as promised in their manifesto and indeed as part of legislation passed by this House in the Barbados National Bank Act where the Barbados Development Bank is one of the scheduled institutions under that Act, and indeed as recommended to them from time to time not only by the World Bank on a visit to Barbados about three years ago when they questioned why Government was unable to take that step. In retrospect I must say I think that the clout of Senator Seale and his judgment was probably right and the hon. member for Christ Church East Central in recognising that the Barbados National Bank could not possibly cope with a developmental function at that stage. But there are problems in the Barbados National Bank.

I think, and I shall be as general as I can be at the moment, that there is need to look more closely at the directorate of the Bank. I think there is a need to look more carefully at the management inputs in that Bank. I am just going to be very vague. All I am saying is that occasions will arise when one will deal with more specific matters, but I am somewhat concerned when I look at the last two financial statements of the Barbados National Bank, and the Rt. Hon. Prime Minister should be equally concerned because, for example, in the area of the cost of administration where you can find, I think, increased losses of about \$400,000 or so and expansion of the cost of administration and chalking up a greatly accelerated loss in a year in which you have expanded your overheads on that particular area, this seems to me to reflect poor management techniques. But there are other areas. I am not calling any names.

There are other areas in these two statements that should certainly arouse the suspicions of the Minister of Finance that all is not well in the Barbados National Bank and that steps should be taken particularly at those two levels to strengthen them. I am not calling any names today, but I know exactly what the problem is and I think in the national interest at this particular point in time, it is better to stick to generalities than to get into specifics in this particular area. The hon. member for St. Andrew whom I do not now see in his seat had said that the Bank is not geared to coping with an important sector of the same type of developmental type of process which the hon. Prime Minister is talking about, namely the small agricultural sector of Barbados, and I myself have made repeated pleas in this

House that the Government should look very carefully and see what has happened consequential on their decision to abolish the Agricultural Credit Bank and to transfer that function to the Barbados National Bank, and to make sure that there is adequate supportive staff and adequate logistics to meet the needs of the small farmer. One reason why I am not launching an appropriate assault in areas that should properly occupy my attention at the moment is that I think the Barbados National Bank has a very sensitive role to play when a country is in crisis like this, particularly in relation to the operation of the credit squeeze in Barbados.

6.55 p.m.

I would say this, Sir, that commercial banks are virtually taking the opportunity to eliminate all their small overdrafts using the credit squeeze as an excuse without even looking to see whether what they are dealing with is actually a business or personal loan or otherwise. Once it becomes a small overdraft, whether it be \$2,000 or \$3,000, they are just finished with that as far as they are concerned.

Now, I feel that in this situation that the National Bank has a responsibility. If a taxi driver has an overdraft at Barclays Bank and they call in the overdraft or if he needs \$3,000 and he is told by Barclays Bank that this is a personal loan and when it should properly be classified as a business loan and he went to the Barbados National Bank, I believe that in this kind of situation he should be able to get a more receptive ear from the Barbados National Bank and I would suggest that in going through these difficult critical days of the management of this economy, that it might be a wise idea for the Minister of Finance to communicate to the Bank that they should be a little more sensitive than one could expect the commercial banks to be in dealing with the small people in this country.

Mr. SPEAKER: Is the hon. member likely to conclude his address by 7.10 p.m.?

Dr. HAYNES: Certainly, Sir. Now, I with some reluctance will say that we would not oppose this Resolution at this time but the fact that the guarantee that the loans are guaranteed eventually by the taxpayers of this country should not mean that the Government should not try as far as possible to get that bank to follow the most stringent banking practices but also to spread its range in dealing with bankable propositions.

I am not saying that the Barbados National Bank should offer a loan to everybody who walks off the street. What I am saying is that if a small man comes in there with a bankable proposition, whether it be agriculture, transport or in any other area that I would

like to feel that the bank is following its role more effectively if the small man could feel that this is our bank. This is a place where we can go and get a more sympathetic hearing.

After all, Mr. Speaker, the Barbados National Bank enjoys concessions, several concessions. It does enjoy concessions which other commercial banks do not enjoy but I think it is necessary at this point in time. The last time I raised this matter on the floor of this House the hon. Deputy Prime Minister took me to task for trying to run down a public institution. I believe when he looks at the last public statement and compares it with the present one he might realise that all is not well and it is well known in banking circles.

I have spotted it myself. There are other banking agencies that spotted it. The commercial banks know about it and it is generally known in banking circles and I would advise you, as I started, to take a more careful look at your directorate and have a careful look at the strength of your management structure within that bank because if it fails then all of us will fail and every Barbadian has failed. Thank you very much, Mr. Speaker.

SUSPENSION OF SITTING

Mr. SPEAKER: This Sitting now stands suspended until 8 o'clock, this evening.
7.05 p.m.

On Resumption:

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

Mr. A. TRUSS: (APPLAUSE) Mr. Speaker, Sir, I would first like to take this opportunity to thank the people of St. Michael Central for affording me the honour to serve in this August Chamber. As the youngest member in this Parliament, Sir, I am very much aware that this Parliament is the third oldest Parliament in the Commonwealth and I am proud to be part of the 350 year old parliamentary democracy.

This Bill, Sir, as has been introduced by the Rt. Hon. Prime Minister and Minister of Finance deals with the Barbados National Bank, but before Sir, let me say that wise men may profit by fools because they see the faults and avoid them, but fools do not profit from wise men because they will not imitate their good example. I shall, Sir, at all times try to imitate the good example of the senior members of both Sides of this Honourable Chamber. I can assure you that at all times I shall obey your ruling and wherever humanly possible, I shall avoid any verbal confrontation with any Honourable Member on this Side or on that Side.

Mr. Speaker, Sir, at present, the existing legislation which deals with this particular item states that a licensed bank in Barbados is restricted to lending no more than 25% of its paid up capital and reserves to any one individual firm or corporation. For example, if a bank has a paid up capital of \$10 million, the maximum which that bank would lend to an individual firm or corporation would be 25% of that or \$2.5 million.

At present, as of December, 1979, the Barbados National Bank had a paid up capital and reserve of \$13.4 million. I believe by this time, it is close to \$14 million, therefore, the maximum which the bank could lend would be 25% of that amount. In this day and age, Mr. Speaker, that surely would be inadequate for purposes for which the Government may need to borrow money. I would like, Sir, to take this opportunity to thank the Rt. Hon. Minister of Finance and his Cabinet to congratulate him for a job well done in converting the old Savings Bank to what we now know as the Barbados National Bank.

It is interesting to note, Mr. Speaker, that the National Savings Bank of Barbados was established in 1852 and up until March of 1972, no significance was attached to this bank. It is not my feeling to be critical of the Opposition, but I would be failing in my duty, Sir, if I did not bring it to your attention the fact that while they were in power between the years 1961 to 1976, no major piece of legislation dealing with the Savings Bank was introduced and it was only until after the Barbados Labour Party came into power in September, 1976 that something had begun, plans had begun to move and that by March, 1978, it was converted into a full fledged national bank.

In 1961, the savings at the Savings Bank stood at \$17.8 million and in the fifteen years until 1976, it had grown to \$29.4 million. What is significant, Mr. Speaker, is that between March of 1976 and March of 1978, it had grown to \$44 million, that was the time when it was converted to the Barbados National Bank and more important Sir, between March of 1978 and March of 1981, deposits at the bank have grown to \$130 million an unprecedented level to show the sort of confidence which Barbadians have placed in the institution, this financial institution, the Barbados National Bank.

The bank now has six branches, Mr. Speaker. There is one in England that deals specifically in foreign exchange and it employs over 300 people. It has over 41,000 accounts, Mr. Speaker, and it is involved in all aspects of commerce in Barbados. The total sum of money, in terms of advances are \$68.2 million or 52% of the deposit liabilities. These are made up, Sir, in the following areas: Manufacturing, personal lending, purchase of land and houses for poor people, in the distributive trade in tourism, in the construction industry, in trans-

port, in the professional services, also in financial institutions, the Agricultural Development Corporation, the Mortgage Finance Corporation, the Natural Gas Corporation, it is involved like I said, Mr. Speaker, in all aspects of commerce in Barbados.

The Barbados National Bank consists of a commercial division, an agricultural division, as you know, Sir, it carries on the function of the former Sugar Industry Agricultural Bank, the Agricultural Credit Bank which was known as the Peasants Loan Bank and the Agricultural division in the Barbados Development Bank, as well as, it has the housing division in the Barbados Mortgage Finance Corporation.

The point which was brought out by the Honourable Member for St. Michael South Central, Mr. Speaker, with reference to soft loans for the agricultural sector he would be interested to know, as well as, Honourable Members in this Honourable Chamber that at present precedent has already been set, whereas commercial banks are forced to lodge large sums of money with Central Bank, the Barbados National Bank, two years ago was able to have some of this money displaced by permission from Central Bank to the agricultural sector at 4%. The Central Bank was paying the Commercial Bank 4% the Barbados National Bank returned loan \$2½ million to the agricultural sector at the very same 4%, and they made no profit on it. In effect, what the Honourable Member for St. Michael South Central has called for has taken place two years ago and is part of the policy of the Barbados National Bank. What is required in that particular area as has been mentioned is that what the National Bank now needs is a logistics of collecting the debt because there are outstandings of perhaps \$3 million in the agricultural sector owed to the Barbados National Bank.

Mr. Speaker, I do believe with a little humility if I may say so, I could be instructive in giving some recommendations to the Rt. Hon. Minister of Finance, the direction that I personally would like to see the Barbados National Bank headed to. For example, Sir, it is my considered opinion, that the offices of President and Chairman should be divided. Right now, the President reports to himself. I would give you a small example Mr. Speaker. The President wanted to buy a car, a Peugeot I believe and as Chairman of the branch because he is President he was able to vote for the sort of car that he, as President, wanted to drive, so he consulted with himself on a matter like this. I am not against the President driving a good car, that is not the point. The point is, the system is what I am against. No man should....(ASIDES)... you must have a system of checks.

In addition to that, the portfolios of these men Mr. Speaker are different. The President of the Barbados National Bank should be a man who is well versed in

banking not a Civil Servant, Sir. This is a man who must understand the intricacies involved in banking, he must understand how to handpick his people and how to run a bank efficiently and effectively, how to improve the status of that institution. On the other hand, the Chairman of the Barbados National Bank, Mr. Speaker, he should be the sort of person who is involved in a business in Barbados, who has a lot of influence in Barbados, political or otherwise, a man who can bring business to the bank by virtue of his influence which he wields in the community. He had a separate job from that of the President and I do believe that the posts have to be split.

Mr. SPEAKER: I take it that the Honourable Member is not saying that the officer is not such a person.

Mr. A. A. TRUSS: No, Sir, I am not at all saying that.

Mr. SPEAKER: Thank you.

Mr. A. A. TRUSS: Thank you for putting me on the right track, Mr. Speaker. I am not at all saying that. I am simply saying that if you had two people doing the job, it would be better done. That is simply what I am saying, Sir. I think that there must be a need at this stage for the consolidation of the operation, there has been tremendous expansion too quickly and therefore, the restructuring of Head Office is necessary. I think they have too many people there and they are not knowledgeable in terms of banking, Sir and I believe that something has to be done to redress this imbalance.

There is need in the Barbados National Bank for a serious look at a loan analysis section. You just cannot lend out money, Sir. At present, if you apply to the Barbados National Bank for a loan, it takes six or seven weeks for that loan to be processed because of this Civil Service attitude towards banking. If you go to any other commercial institution in Bridgetown, Sir, it would take you two, maybe three weeks maximum, Sir. 8.10 p.m.

But there are several instances where you can get an okay from a bank within 36, 48 or 72 hours of a request, and I think the National Bank in order to be more competitive has to start thinking in terms of how they can satisfy a client quickly.

Sir, the quality of staff, in some instances, leaves much to be desired. There is a particular gentleman by the name of Mr. Blenman....

Mr. SPEAKER: No, you cannot..... You should have given prior notice.

Mr. TRUSS: I am sorry, Sir, I withdraw that. A senior officer in the National Bank was the manager of

the Royal Bank of Canada Branch in Tudor Street. He ran that branch bankrupt, and now I see that he is involved with the Barbados National Bank. I have to ask myself why is this. Why do we have to employ the educated derelicts in the banking industry? Why can't we find people who have made a contribution in banking from the other banks, not the educated derelicts, the people who are serious about making a contribution to the Barbados National Bank in the interest of all Barbadians?

There must be a look at the serious reduction in the overheads. The Barbados National Bank adopts the attitude that they are the chief and not the indians. There are too many chiefs and not enough indians. Everybody wants a car, everybody wants a private secretary, everyone needs perks. I am not saying that they are not entitled to perks, Sir, I am simply saying that you have to deal with things in relation to what you can afford, and if the National Bank is a new institution, then I think it is only fair that you have to grow with that institution and you cannot expect that they would be able to pay the same perks as Barclays or Royal Bank or CIBC; not yet anyway. If we are serious about looking towards the National Bank as the salvation of Barbadians, heading in the direction in which we would like, then Barbadians also will have to make some serious inputs.

Of all the things which I have mentioned, Mr. Speaker, perhaps the most important is the lack of a corporate plan. It is interesting to note that a financial institution that lends money, like the Barbados National Bank, does not have a corporate plan. Again let me use Barclays as a reference. Barclays Bank, Mr. Speaker, not only has a corporate plan, but each individual branch has a plan that must dovetail into the corporate plan, and at every quarter the sweepers, the cleaners are interested to find out how their branch is doing, because they have an interest in the development of their branch. They want to know if their branch is making money, because they know it means continuation of their employment and it means benefits later on. In the Barbados National Bank this feeling of cohesiveness, this feeling of belonging does not exist. The people at the top do not care if the Bank makes money, because the Government runs the Bank, or they feel so, and if it loses money there is no problem, the Government will provide more. I think that if you had a corporate plan and then you had quarterly sessions where managers must report why it is they have fallen short on projections, I think it would make a big difference, Sir.

Mr. Speaker, I am saying all of this because I believe, based on the trends which I have seen, based on the financial statements which I have read, that the Barbados National Bank is heading for a serious loss over the next financial year. Perhaps the Minister of Finance will correct me, I hope that I am wrong. I said

all indications are that we could possibly lose some money, and this situation could be arrested if only the right decisions were taken early.

In terms of training, Mr. Speaker, the staff entering the Bank have absolutely no training as bankers. A full time training programme must be instituted immediately. We must aim primarily at developing the junior and supervisory levels within the Bank, advanced managerial staff, joint courses between indigenous banks and the Barbados National Bank must be sought out. These are things that must be done right away. A comprehensive review is required, Sir, of the staff policy of the Bank so as to ensure proper job description, proper assessment of staff and fair reward in promotional policy. I think, Sir, if these things were done, then the Barbados National Bank would get a new lease of life and we would see greater expansion in the near future.

The rule of thumb, Sir, in a Bank is that it is profitable when approximately 80% of its deposits are invested in the form of loans. I have mentioned that only 52% of the National Bank's loan portfolio is invested, but if the rule of thumb is that in order for a bank to make money 80% must be invested in loans, and the National Bank only has 52% of its loan portfolio invested in loans, I am not at all surprised when the trends indicate that we are going to lose money.

I believe, Sir, that the general response of the public has been extremely good in accepting the Barbados National Bank. The present expansion policy which I have mentioned before, the time has come to think of consolidation, to think of maximising efficiency within the operation in order to ensure that the gains which we have made over the last two or three years we would not lose over the next two or three.

The Bank must be able to attract top class bankers. If the people in the banking industry out there have the confidence in the Barbados National Bank, then they will seek to leave their jobs and serve within the National Bank, but they will not do so until they feel satisfied within themselves that the Bank is being run like a properly organised efficient banking institution. More importantly, Sir, the Barbados National Bank is not playing its role as a pace setter for entering into new areas of lending and new methods of finance in Barbados. That to me is the crux of the whole matter in dealing with the National Bank. The Barbados National Bank has not come up with one single idea in terms of saving, apart from the original idea which was introduced in 1978 by the Minister of Finance. The Barbados National Bank's attitude towards banking must be so geared, Mr. Speaker, as to shift the demands for investment in the same way as the Minister responsible for taxation, the Minister of Finance, would shift the consumption patterns of the populace.

I remember only too well in 1976, Mr. Speaker, the trend at that time was for bigger cars, and bigger cars use more gasoline. When we came into power the Right Honourable Prime Minister never said anything about you can't buy American cars, he simply made it difficult by introducing certain set standards from Central Bank to certain limitations through other commercial banks in the form of, the more money you spent for a car the more money you personally had to invest and the less money a bank was allowed to lend; and the less money you spent on a car the more a bank was allowed to lend, and the less you yourself had to find. So by so doing the consumer was forced to shift, so it is really consumer shifts, your own choice, Sir. By the same token the Barbados National Bank must play that role, it must say 'we are not lending money for consumer durables' if this is the wish of the Government, but on the other hand, if you want to go into any industry, any private entrepreneur who wants to become involved in industry and employ Barbadians in an effort to reduce unemployment, then that person would be entitled to large scale financing, even if it means 100% financing, providing you have a serious analysis section, and providing the product seems to be good. These are the trends the National Bank should be concerned with, pointing the direction in which we must go in the overall interest of all Barbadians.

8.20 p.m.

Sir, I think that the Barbados National Bank is also hamstrung because at the time when the Minister of Finance introduced certain restrictions in the personal and distributive sectors for all commercial banks, the Barbados National Bank being a new institution did not have very large portfolios in these areas and I do think that the Prime Minister and Minister of Finance should look seriously at the Barbados National Bank portfolio in the personal and distributive sectors and see what can be done in an effort to increase that particular area.

In closing, Sir, again a word of caution on the Barbados National Bank. We have done well. I will be the first to say so but there are some danger signs, and I think it would be important if correct decisions are made early. Let me once more reiterate my congratulations to the Prime Minister and Minister of Finance and his Cabinet for a job well done in transferring the Savings Bank to the Barbados National Bank. The Cabinet has given of themselves to the people of this country and in the words of Khalil Gibran, we give little when we give of our possessions; it is when we give of ourselves that we truly give.

Mr. TAITT: Mr. Speaker, it is traditional that when one rises after the maiden speech of an hon. member that one should express the usual courtesies. One says such things as we look forward to hearing more enlightening speeches from the hon. member in the future etc., etc., and I gladly do say to maintain the traditions of

this Honourable House that I look forward to hearing the hon. member on his feet more often in future. I am sure the hon. member will also understand when I say that in those future times when he shall have taken the floor that I will hope that his perspicacity will rise to higher heights in terms of the subject matter which he will have chosen, then I may be able to report on the basis of what the hon. member had to say this evening.

I am a little disappointed that the speech of the hon. member leaves me in a strange position to wonder at the efficacy of the amendment which the Hon. Minister of Finance seeks to make through this Bill. Mr. Speaker, on the face of it, this amendment seems quite harmless; it seems to be on the basis of the explanation given to this Honourable House a routine matter which this Honourable House could pass without much debate and without much comment, but after the speech of the hon. member who has just sat down, Sir, I believe I am right in expressing some serious concern at the true intent and at the direction in which it was intended for the Barbados National Bank to go arising out of this particular amendment.

Mr. Speaker, the amendment as I understand it from the Objects and Reasons seeks to exempt the Barbados National Bank from Chapter 322 of the Laws of Barbados, Section 12(1). Section 12(1) for ease of reference makes reference to what a licensed bank shall not in the island of Barbados, and it makes a number of statements, Mr. Speaker, and I crave your indulgence to quote from the Laws some of these restrictions. There are restrictions on certain activities by licensed banks. "A licensed bank shall not in the Island grant to any person, firm, corporation or company, or to any group of companies or of persons which group is under the control of influence of one and the same person....."

Mr. SPEAKER: I take it that the hon. member said the page that he is quoting from.

Mr. TAITT: In the context of the Laws it is a little difficult to cite the page, but this is Cap. 322, Section 12(1). It goes on ".....under the control or influence of one and the same person or body of persons, any advance or credit facility....." and it goes down the line, and I invite hon. members to refresh themselves on what this Section 12 restricts commercial banks from doing. It goes on to say in subsection (c) "grant or permit to be outstanding unsecured advances or unsecured credit facilities or an aggregate amount in excess of three thousand dollars or of one per centum of the sum of the paid up capital of such bank, whichever is the greater, or give any financial guarantees in excess of such amount without security, or incur any other liability in excess of such amount without security to or on behalf of any one of its directors, whether such

advances, facilities, guarantees or other liabilities are obtained by or on account of such director jointly or severally;" and it goes on throughout this section to list a number of restrictions which the previous Parliament in its wisdom places on commercial banks in this country.

Now, Sir, this amendment seeks only to exempt the Barbados National Bank from any or all of this particular section. Now all of us in Barbados have a concept of the Barbados National Bank. Some of us have a private concept, but generally speaking, we have accepted the concept of the Barbados National Bank which has been given to us by the Hon. Minister of Finance and Planning. When the Bank Bill was introduced in this Honourable House, I believe it is fair to say that it received the approbation of both sides of this Honourable House and in all of the calumny which we have heaped on the head of the Barbados Government under the Barbados Labour Party, we have always tended to exempt the Barbados National Bank from that criticism. I believe it is fair to say that throughout the electoral campaign the Barbados National Bank was always put forward as one of the projects of which the Barbados Labour Party could boast, and it was said without grudge and it was said, I think, with sincerity in the context of what all Barbadians who have an interest in the national life would like to see for its National Bank.

The hon. member for St. Michael Central made a number of statements about the Bank, about certain officials in the Bank, about the Bank's operations and about what he would like to see for that Bank. Now, Mr. Speaker, ordinarily if another hon. member had made that statement, I might be inclined to let it pass as the wish or whim of a particular hon. member; but when the hon. member for St. Michael Central makes a statement of that kind, Sir, knowing what I know of his relationship with the Hon. Minister of Finance and Planning, I start wondering if he is not like John the Baptist, a precursor, a harbinger of the news to come. I know, Sir, that he is reputed to be capable of doing a number of things for the Minister which hon. members are incapable of doing, and so when he makes a speech in which he presages that the Bank ought to be divided, the Chief Executive Officer's job ought to be divided between a President and a Chairman — I hope I am not misquoting the hon. member — in the light of all that has gone before, I start to worry. I start to worry that he goes on to say that the person who is President of the Bank ought to have certain capabilities, and the person who is Chairman ought to have certain influence, and he listed them, and I believe he said political influence. The Chairman ought to have certain political influence.

Mr. Speaker, one of the bulwarks of the Barbados National Bank is that it has been set down as an institution of the Government that would as far as it is humanly

possible be excluded from political influence and we have all accepted it in Barbados.

8.30 p.m.

It is true, Sir, that we have had information from time to time on attempts on the part of senior members of the Barbados Labour Party to bring political pressure to bear on the operation of the Bank. We have heard of that. We have heard, for example, and I see the hon. Prime Minister and Minister of Finance sucking his teeth. Unfortunately I happen to look at him occasionally and see that, Sir. But if he wishes me to be specific I can be, but we have heard of instances when Government Ministers have spoken to officers of the bank in a manner not commensurate with how Government Ministers ought to speak with persons in a commercial bank.

They have spoken to officials in a manner commensurate with how they would speak to officials in a Ministry or in a department under their control in connection with loans that have nothing to do with the Government in their particular portfolios. We have heard of this, Sir. We have tried not to make this information known to the public domain except in a few cases because we believe that this institution should be spared the difficulties usually associated with political institutions.

Here we have now a serious senior member of the Barbados Labour Party, the hon. member for St. Michael Central suggesting that there should be more political influence brought to bear on the person who is Chairman of the Board.

Mr. TRUSS: On a point of elucidation.

Mr. SPEAKER: On what does the hon. member rise?

Mr. TRUSS: On a point of elucidation, Sir. I never said that, Mr. Speaker. I never meant that political influence should be brought to bear on the Barbados National Bank and I do believe that the hon. member for St. Michael West is aware of that.

Mr. TAITT: Mr. Speaker, I have written it down and it says "The Chairman of the Barbados National Bank should be a businessman with wide influence" and he used the word "political" in describing "influence". They should have political influence. I am sorry if the hon. member does not recall having said that but that is what he said. That is what I heard, Sir. He said it, Sir. If he wishes we can have the Shorthand Reporter . . .

Mr. SPEAKER: It might be interesting to see what the Hansard Reporter says.

Mr. TAITT: Yes, Sir, I think so too. At Your Honour's bidding, Sir.

Mr. SPEAKER: Mr. Clerk, let us see what the Hansard Reporter has.

(A Pause)

Mr. SPEAKER: I have in my hand the Transcript from the Clerk of the House. It reads thus:—

"The Chairman is a man who should be involved in business in Barbados, a man who has a lot of influence in Barbados, political or otherwise."

Mr. TAITT: That is all I said, Sir. That is all I said. It said political influence. That is what I have written down here, political, businessman, influence, political. Those are the notes. (ASIDES) You will have to ask Hansard now what I said. Mr. Speaker, may I continue, please?

Mr. SPEAKER: Let us get on.

Mr. TAITT: As I am saying, Sir, it comes as a bit of surprising shock. It would come as an even greater surprising shock to the community at large if, in fact, the Chairman of the Barbados National Bank was a person in Barbados with great political influence or with great business influence.
8.50 p.m.

Mr. Speaker, the number of persons in this community who qualify under that particular description outlined and adumbrated by the hon. member for St. Michael East can be counted on one hand, Sir, maybe on two hands, Sir.

Mr. SPEAKER: St. Michael Central.

Mr. B. M. TAITT: St. Michael Central, Sir and there is not one of them who comes to mind whom I would like to see presiding over the destinies of our Barbados National Bank.

I recall, Sir, when the Barbados National Bank was put into the air, the Rt. Hon. Prime Minister and Minister of Finance indicated his policies would include the engulfment, the embracing of all of a number of institutions and I recall, Sir, that a particular institution involved in that coterie of governmental institutions has yet to fall under the umbrella of the Barbados National Bank. I speak, Sir, of the Barbados Development Bank. I, myself, have never had a satisfactory explanation of the Rt. Hon. Prime Minister's failure to follow through on that promise which he had made somewhat solemnly I believe from the Floor of

this Honourable House, but he must have the reason for not having followed through. That is not the point at issue here, Sir. The point at issue is that it is passing strange, that the Barbados National Bank, after three years' of operation and after we have heard nothing but glowing reports, nothing but glowing reports of the Barbados National Bank, now, tonight, Sir, we have the hon. member from St. Michael Central indicating what I know to be the views of his political party in a sanctum, Sir.

If he had done that and put it forward as a philosophic situation, one could accept it, but when he does it in the context of a person who cannot fail to be identified, acting in his innocence, Sir, he called a person's name, unfortunately, I am not able to call the name because he withdrew it, but there is no doubt that it shall go forth that a particular individual, senior official in the bank has been held up to public question on the Floor of this Honourable House.

Mr. Speaker, in the last few years, there has only been one General Manager or Manager of a bank belonging to the Royal Bank on Tudor Street, Sir and there has only been one person who has left such an institution or who has ever worked in such an institution, who now forms part of the staff of the Barbados National Bank, Sir. It follows as night to day that each of us in here and each of those who will come to hear of this debate will have a question in their mind about a senior official in the Barbados National Bank.

I do not think it is true to say that the Royal Bank of Canada at Tudor Street went into bankruptcy. That is not what the Royal Bank told me and I was a depositor, if you will, at that branch and Royal Bank never indicated when they sent out their information as to why they were closing, they never indicated that it was bankruptcy and it is not fair because the man left that institution and went and became the Manager of a larger Royal Bank. Now, unless all of the people at Royal Bank are totally and completely incompetent or worse, corrupt, for them to take a man who had ran a branch into bankruptcy and send him to head a larger branch, they ought to be put in prison. (ASIDES) You do not get kicked upstairs. I hear the Honourable Member for Christ Church East saying *sotto voce*, he was kicked upstairs. In the banking business, Sir, you do not get kicked upstairs, you get kicked out. They never move you from a small bank which you run down — it is not a department, Sir — they do not move you from a small bank which you run down to a larger bank to run down. Profit is the motive of any bank. The bank deals in money in the same way that Roebuck Street merchants deal in saltfish. Money is their product and they want to make profit on their transactions in money. (ASIDES) So for an Honourable Member to suggest that

the Barbados National Bank was picking up what he called "educated derelicts". But, suppose I had stood up in here and talked about different kinds of derelicts, Flotsam Jetsam washed up in Barbados left, right and centre.

Mr. Speaker, it is not fair when a person is capable of identification to talk about them in terms of "educated derelicts" and then to accuse the Barbados National Bank, set up by his own political Party of not exercising even the common garden variety expertise of creating staff.

HOUR OF INTERRUPTION

Mr. SPEAKER: It is the Hour of Interruption. Is this matter controversial? (PAUSE)

The Honourable Member may proceed.

Mr. B. M. TAITT: To suggest that the Barbados National Bank when it was established was so lacking in the normal, every day commercial or even public administrative methodology, as to create (ASIDES) — Mr. Speaker, I am trying my best not to be hard — but to create an institution that hires people at the highest possible level and then to discover that they are only "educated derelicts", it is an indication of a dereliction of duty on the part of the Government and more specifically, the Rt. Hon. Minister of Finance.

Now, the Honourable Member talked about the Barbados National Bank as if the Rt. Hon. Minister is able to give it a direction in the same way he could give, say, the IDC, if the IDC were under his portfolio. The Barbados National Bank is a commercial bank and it ought not to be at the whim and fancy of any Minister. I understood, as most people in Barbados understood it, that once the bank was set up it would be given its capacity to run and that the Minister would not interfere with it and to his everlasting credit, I have never heard — except once when he was on his way to London and somebody messed up the travellers' cheques and that lady is no longer, if she had an "A" signature, Sir, I do not know the language too well if she had an "A" signature, Sir, by the time the Rt. Hon. Member got to London, she had a "B" signature, (ASIDES) He says it is neither here nor there, Sir — except for that particular incident which I deplored on the political platform, I have never heard that the Rt. Hon. Minister of Finance actively interfered with the working of the Barbados National Bank. No one would have any confidence in the bank if it were felt that the Rt. Hon. Minister used to pick up the telephone left, right and centre and try to direct the affairs of the bank.

But, what I understand the Honourable Member to be suggesting is that this bank needs a little more

politicizing. That is what I understand the Honourable Member to be saying. Even if he did not know that is what he was saying that is what he said. Mr. Speaker, the gentleman he referred to is the Personnel Manager — well, let me put it this way, Sir, I have a post here, Sir, Personnel Manager of the Bank — he seemed to suggest that the Personnel Manager of the bank, "educated derelict" was somehow contributing to the sorry state in which the bank finds itself three years after its establishment.

9.00 p.m.

I challenge that, Sir. I say that a Staff Manager in any bank, whether it is Barclays Bank or the National Bank, or Irving Trust is New York, I say that the Staff Manager of any bank cannot be held accountable for the portfolio failings of that bank, and the criticism of the hon. member dwelt almost exclusively on the portfolio failings, although he did make mention of the need for a personnel review. He said if it is to be the salvation of the people of Barbados it must have a personnel review. He said that a financial institution that lends money and does not have a corporate plan is bound to be a failure. I wish, for the benefit of this Hon. House, that the hon. member had identified or defined a corporate plan. You know, Mr. Speaker, there are certain words and phrases when thrown into the mouths of certain babes can create havoc among those who are accustomed to the words and phrases, as well as among those who are not accustomed to the words and phrases. Now, here we have this financial babe in the woods talking about a corporate plan. Could he tell us what is Barclays Bank's corporate plan? He uses Barclays Bank as an example. Is the hon. member not aware that Barclays Bank does not begin to have the divisions which the Barbados National Bank is forced to have?

We inherited the Agricultural Credit Bank, which I have heard described as a contaminated portfolio,¹ but it is the sworn policy of that Government, and I believe with the critical support of this side that agricultural credit forms part of what ought to emanate from the funds of Barbadians, and therefore we take the Agricultural Credit Bank or the Agricultural Credit Portfolio with its contamination as part of the process, so when you are going to compare the Barbados National Bank with Barclays Bank and then use the Barclays Bank's "corporate plan" as the yardstick in measuring the Barbados National Bank, you are demonstrating a total lack of understanding either of the corporate plan, corporate planning, management structure or banking.

Sir, we appreciate that an hon. member making his first speech may fall prey to following his notes closely, and may or could fall prey to seeking a little assistance in the proper flow of the information which he puts forward, but that hon. member spoke as if he knew what

he was speaking about, and therefore he must bear the full brunt of any criticism which is to come on what he says. If Terry Somersoll, Sir, got to be a member of the Board of Barclays Bank, Mr. Speaker, you will immediately be likened to a man who was born with a million dollars as his birthday gift. It is as near as that.

The Barbados National Bank has been saddled with some persons whose acquaintance with banking is as remote as the hon. member's acquaintance. It is not even, Sir, as close as the Hon. Minister of Labour's acquaintance with his portfolio. Mr. Speaker, for him to come now subsequently and talk about a rule of thumb which should be 80%, 80% must be invested and the Barbados National Bank has only 52% invested. Well, the corporate plan of the Barbados National Bank was prepared on the floor of this Hon. House. The Hon. Minister of Finance at page 472 of 1978, Part I of Hansard set up the National Bank. Let me read a part of what he had to say:

"Part IV of the Bill gives general indication of its financing provisions, and hon. members will be pleased to hear that for the benefit of the revenue, although the Barbados Bank will not pay the corporation tax every year, 25% of the net profits of the Bank shall at the end of each financial year be transferred to the General Reserve. Whenever the General Reserve is less than the paid up capital of the Bank, it is considered that the Bank will be in a position to make contributions to the revenue, although not in the same way, Mr. Speaker, as the Savings Bank."

The Minister of Finance had said a lot of things, and from the point of view of time I do not wish to read the whole speech, but I commend the Prime Minister and Minister of Finance's speech to the hon. member. What the Prime Minister and Minister of Finance was saying to the people of Barbados was this. We are setting up a commercial bank, we are making certain changes because our policy constraints require us to make those changes. We are presenting the people of Barbados with a unique opportunity and therefore we do not wish you to judge the performance of the Barbados National Bank by the same yardstick that you judge the performance of Royal Bank, Barclays Bank or what have you.

I regret very much the hon. member has put me in a position where I had to participate in this debate. I myself would like to go home, but I cannot allow the hon. member to come here — this is for the benefit of my colleague, the hon. member for Christ Church East who keeps indicating the time — I cannot allow the hon. member to come here and put on the record of this Hon. House certain statements which he made authoritatively and allow them to go by the board. The Bank was set up under different auspices from how Barclays Bank was set up. It is three years being compared with Barclays Bank

which, if you take it in terms of how long its predecessors have been in existence, can be said to have been in existence from time immemorial. It is three years old, it cannot be compared with Royal Bank whose assets could buy Barbados over and over again in perpetuity. (Hon. H. B. St. JOHN: It can buy Canada and all). Thank you. The hon. member, my colleague, the Minister who succeeded me in the Ministry of Trade, Sir, says that it could buy Canada and all.

The hon. member must not allow phrases like "corporate plan" interfere with his understanding of what a National Bank in a developing country can achieve in three years. That is why, Sir, I feel saddened by what appears to be an attempt to denigrate personnel. The present Chairman of the Barbados National Bank is one of the Barbadians whose knowledge of financial institutions and financial affairs is second to none of other Barbadians in or outside the Civil Service.
9.10 p.m.

The present Chairman of the Barbados National Bank for whom I have no brief.....

Mr. SPEAKER: The hon. member has two minutes in which to wind up his debate.

Mr. TAITT: The present Chairman of the Barbados National Bank has served his country with distinction and if the Government believes that the fact that his alleged political allegiance renders him a danger to them or to himself from their point of view, if they believe that the personnel director's political allegiance is offensive to them, let them say so, but let no one come into this Honourable Chamber and put on the record information and words which in years to come will stand in the way of two or three or four young people or middle-aged people who have made substantial contributions to the public life of this community. I say that to separate the task of Chairman and President in the present structure of the Barbados National Bank will be to open the door for precisely the dangers which neither side has indicated so far it wishes to see. Let the businessmen stay in their domain; they know nothing about banking. They know about making excess profits. Let them stay and battle with Ministers of agriculture and that sort of thing. Do not bring them into banking when the people's money is at stake, and therefore, Mr. Speaker, put us all in a position where we have to decide. It is better for us to take the measures now than to wait and be sorry later.

Rt. Hon. J. M. G. M. ADAMS: I do not see any other hon. member rising. I must reply to some of these matters. The Opposition seems to speak with two voices on the matter. The hon. member for St. Michael South Central made a reasoned and polite contribution. The hon. member for St. Michael West made an impassioned defence of the Personnel Manager and an assault upon a maiden speaker, but these things are only by the way. The contribution of the hon. member for St. Michael South Central, as I said,

was reasoned. He pointed out that the Bank's statements inevitably suggest that the Bank's costs are too high. I think that that is a perceptive view of the Bank. I know it is a view which is shared by many of the directors, and I must tell you, Sir, that it is shared by the Minister of Finance. I do not get into the Bank's day to day affairs. The lady who was demoted from a Grade A signature to a Grade B signature, I was not aware that the matter has been raised on a political platform. I hope the hon. member was aware of all the facts. I heard she had been demoted in signature because as a result of my complaint of her conduct another matter relating to some \$4,000 came to the attention of the Board and the Board taking an overall view of her conduct demoted her. It is not anything that I would ever have raised in here or elsewhere, but the lady actually personally sandpapered me, not as Prime Minister, but as a client of the Bank. As a client of the Bank she had a lot to say to my Secretary and I believe that upon representations being made, as a result of great inconvenience in which she placed a client, the Board when it considered her whole conduct may possibly have demoted her.

Since we are being personal, the Staff Manager of the Bank, I do not know the man, I have never seen him in life, but I know that he has personally abused the hon. member for St. Joseph, the hon. member for Christ Church West and the hon. member for St. James, and that up to last week he told somebody in the Bank you are not getting your leave, and if you want your decision changed go to Tom Adams and let him change it for you. So I do not interfere with the people, but they get in the Bank and interfere with me. I do not trouble the people, so when I hear the hon. member say that the hon. member for St. Michael Central is calling on the Bank to be politicised I am amused, because the Bank is already politicised. But they are really but very minor points.

Sir, the hon. member for St. Michael Central made a very able maiden speech in which he covered many of the points that I might otherwise have had to cover. He mentioned the question of losses of the Bank. I would point out that a great number of bad loans were taken over by the Bank from the Bank of America and it has also taken over the great burden of financing the debts of the sugar industry which have now reached such monumental proportions that any Bank that has to deal with them inevitably will make losses over this last year. The Bank has also had to carry the weight of holding a great deal of Government paper that it inherited from the Barbados Savings Bank. It is disposing of Government paper as quickly as it can, but it is not the Bank's policy to sell debentures. It merely allows them to mature and cashes them in at that point. This is a case where the Bank is perhaps following what is more in the Government's interest than in the Bank's interest. The Bank has also taken part in a number of operations

which again may owe more to Government policy than to prudent banking such as making a loan to Jamaica of \$1.4 million as part of a syndicated bail out of the Jamaican Government.

I could not understand the reference to dereliction of duty on the part of the Ministry of Finance in the speech of the hon. member for St. Michael West; neither I think could he. He seemed much more concerned to assert that the Staff Manager of the Bank and indeed by inference the Chairman, were supporters of the Opposition and that therefore they must be defended by the Opposition in the House of Assembly. I thank goodness that I have not introduced any criticism, comment or any matter relative to the political activities of members of the Bank on the floor of the House of Assembly. I have had to touch on a political platform on one very senior officer of the Bank about whom an affidavit was sworn that while he was canvassing with two DLP candidates he told a member of the public that he understood that he had applied for a loan at the Bank and that if he did not stop canvassing for the hon. member for St. Joseph he would see what would happen. The political complaints could never be made by the Opposition about the Barbados National Bank. The Opposition should be the last people to raise the question of politicising of the Bank in here or to make comments about these matters.

I will take note of what the hon. member for St. Michael Central has said about its taking six to seven weeks for a loan to be processed where it is three weeks at any other bank. I think it possible that some people do regard the Barbados National Bank as a Bank of last resort and they go to it when they have been refused in twenty-four, 36 or 48 hours at other banks. Certainly the bank does not have as yet the exceptional bad loans that exist in other parts of the banking system. The Bank carries no Mr. A. DaC. Edwards on its books, a man who is into one of the banks of Bridgetown for something that with interest must now amount to over \$4 million. It does not carry any of the persons who were able to influence an American bank, the Bank of Chicago, an influence to an extent that they ended up carrying \$500,000 in bad debts for one and \$800,000 in bad debts for another, so that in fact two members of the Democratic Labour Party closed down the Bank of Chicago. Barrow was one and Rayside was another. So the National Bank of Barbados has so far not got into these areas.
9.20 p.m.

Instead, it is financing jointly with the Caribbean Development Bank on commercial terms, at this point, the building of a new sugar factory. It is financing the Cement Factory and I did err in telling the House that the guarantees of the two governments were joint and several. There are only several guarantees. It has financed

very substantial commercial developments in the north of the Island and the rule requiring any loan on more than 10% of the paid up capital plus reserves to be referred to the Minister of Finance. I am very glad to be able to say that without reading people's personal business I have always been able upon discreet presentation of the bank, to give my approval without what I think anybody would call interference.

The National Bank has enormous possibilities. Unfortunately, perhaps close to election time some of its officers behaved with a little less than discretion and perhaps introduced political divisions within the bank which have caused friction inside the bank but I really do not think that this is a reason for condemning the entire bank or its directorate. I waited to hear which of the directors it was had offended the hon. member for St. Michael South Central. He merely mentioned the statements but did not specify for which I am very glad.

Hon. L. S. CRAIG: On a point of order, if the Hon. Minister of Finance would kindly give way, Sir. Mr. Speaker, 9 o'clock is the moment of interruption and 9.30 p.m. is the moment, Sir, when you put the question for the adjournment. In view of the Minister of Finance still addressing the Chamber on this matter I am seeking the leave of the House and I spoke with the acting Leader of the Opposition in seeking the leave of the House for the purpose of extending the time until 10 o'clock. It is 9.35 p.m. and I am seeking, Sir, to move that Standing Order No. 6, be suspended for the remainder of this debate.

Mr. SPEAKER: I cannot now at this hour have such a motion on a member rising on a point of order and making such a motion. What I can do is to enquire if it is the pleasure of the House that we continue until 10 o'clock. If it is the pleasure of both sides, we may continue. I find that we can continue until 10 o'clock but I could not accept the motion. Accordingly, we will continue until 10 o'clock.

Rt. Hon. J. M. G. M. ADAMS: There is really very little that I can add on this matter, Sir. I think that the first two speeches contained points. I have taken note of them and I will deal with them in due course. The speech of the hon. member for St. Michael West was neither here nor there. He had a case to put for two or three of his friends and he put it, Sir. I cannot deal with it any more.

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

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

Mr. SPEAKER: The hon. member rises on a point of order?

Mr. TAITT: Sir, I object to the Prime Minister under these rules suggesting that I came to this House to put a case for two or three of my friends. The hon. member said in his winding up the hon. member for St. Michael West would have a case to put for two or three of his friends, Sir. I submit that that is an imputation of my motives to suggest that my speech was motivated by my putting a case for two or three of my friends. I wish.....

Mr. SPEAKER: Did he say for two or three of your enemies?

Mr. TAITT: I would rather put it for my enemies, Sir, but to say to put it for my friends suggest that I came to this Honourable House to put cases for my friends and I think that that is not proper, Sir. I ask the hon. member to withdraw it and I am sure he will be willing to withdraw it, Sir.

Rt. Hon. J. M. G. M. ADAMS: I withdraw.

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

On motion of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. L. S. CRAIG, 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.

Dr. HAYNES: Mr. Chairman, there is just one slight correction I would like to make. The hon. member for St. Michael Central, I thought a little uncharitably referred to the activities of a member of the Barbados National Bank . . .

Mr. CHAIRMAN: I am afraid that you are on the wrong track. We are dealing with Clause 2.

Dr. HAYNES: And I am dealing with a statement which was made by an hon. member which I would like to correct on Clause 2 of the Bill. This deals with Section 12 of the Banking Act as amended by deleting lines, etc. etc.

Mr. CHAIRMAN: Is it 21 of paragraph . . .

Dr. HAYNES: If you look at the actual Bill, Sir, with the part that is being deleted you will see that this is quite proper. You have to look at the Law Books, Sir, to be sure.

I would like to say this that I was fully aware of what took place in that Tudor Street operation in that there were two Banks that were competing for space in that area because I was a part owner at that time. *(Laughter)* Not of the Bank but some of the space that was being competed for. One Bank went ahead and jumped the gun and in a very short period of time they realized that it was an unprofitable operation because people simply did not transfer their accounts from the Baxters Road/New Orleans area and so on from Broad Street to that area and that is why the Bank went under. 9.30 p.m.

The second bank did not come in because they benefitted from the experience of the first bank so, the failure of the bank really had nothing to do with the incompetence of the officer involved. *(Asides)*.

Mr. CHAIRMAN: Order, please. Order.

Mr. B. M. TAITT: Mr. Chairman, I shall not be long on this one, Sir. I wish to assure you, Sir, I have no shareholding in either the space or the bank.

Mr. Chairman, I wonder why the Rt. Hon. Prime Minister is exempting the bank from the total clause. I wonder if he would not have wanted to insist that the exemption be accompanied by a reference that they could not do these things, except with a reference to the Minister. You see, I am a little concerned. I am not concerned with that Honourable Minister of Finance or the next Minister of Finance. . .

Rt. Hon. J. M. G. M. ADAMS: Obviously, the Honourable Member did not understand my speech, Sir. They have to refer anything over 10% to the Minister of Finance, therefore, if they are going to lend out more than 25%, it has to be referred to him now. As long as it is more than 10%, it has to be referred, so the referral covers these cases anyway.

Mr. B. M. TAITT: That is true, Mr. Chairman. That is not the main point I was making. We are now exempting the Barbados National Bank from the whole gamut of things that come under 12 (1). 12 (1), if you look at it has a number of matters in there that I really fear if a national bank is exempt totally from the requirement, the restriction in 12 (1). What this Act says, when we have finished we would have exempted the bank completely and it seems to me that there are some aspects of what is in the present 12 (1) that it would be desirable to restrict the bank from doing even if you exempted the bank for the purposes which the Rt. Hon. Minister outlined when he was introducing the bill. It is clear that there would have to be some restriction from the exemption, I am not contesting that, but to give them

a blanket exemption, it now means that there are a number of things — this business of unsecured advances or unsecured credit facilities, although the Barbados National Bank Act requires them to seek certain permission from the Minister in certain circumstances, Anyone who is familiar with banking knows that internally, the bank manager can arrange for somebody inside the bank for example, to have an insecure loan of a substantial sum.

Rt. Hon. J. M. G. M. ADAMS: On a point of order, Sir, the exemption only applies to paragraph (a) not to unsecure *(Asides)*. The Bill will add the words, "this paragraph does not apply" paragraph (a), it cannot mean paragraph (b); 12 is a section, (1) is a subsection and (a) is a paragraph. If it says this subsection does not apply, it would be an odd place to put it, but it would mean the whole subsection. If it says "this paragraph" it can only apply to a preceding paragraph not to a subsequent paragraph, just as subsection (c) has an exclusion clause of its own. It does not apply to a private company. Well, it deals with a private company. *(Aside: Are you sure that is what is intended?)* That is what is intended, Sir, I will take the point up, but certainly that is what is intended.

Mr. B. M. TAITT: What the Rt. Hon. Member says is intended is clear to me, Sir. What is written down here is not clear, but if he says he would take it up I take his word that he would take it up with them because the language of the section may be subject to a different interpretation. That is all, Sir.

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

On the motion of Rt. Hon. J. M. G. M. ADAMS, 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 Rt. Hon. J. M. G. M. ADAMS seconded by Hon. L. S. CRAIG, the Bill was read a third time and passed.

RESOLUTION TO AUTHORISE THE MINISTER RESPONSIBLE FOR FINANCE TO BORROW BY THE ISSUE OF TREASURY BILLS FURTHER SUMS NOT EXCEEDING ONE HUNDRED MILLION DOLLARS AND SUCH SUMS AS MAY BE REQUIRED TO PAY OFF AT MATURITY BILLS ALREADY LAWFULLY ISSUED AND OUTSTANDING

Item Number 21 was called — To move the passing of a resolution to authorise the Minister responsible for Finance to borrow by the issue in this island of Treasury Bills further sums not exceeding one hundred million dollars and such sums as may be required to pay off

at maturity bills already lawfully issued and outstanding.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, I will be very brief with this matter. I expect another opportunity tomorrow morning in dealing with it again. Treasury Bill limits have to be raised from time to time and unfortunately, Sir, on three occasions in the last seven years Ministers of Finance have gone in a pussy footing way at this matter of Treasury Bills advances.

In 1974; the then Minister of Finance had to raise the Treasury Bill limit twice. In 1976, it again had to be raised twice. I raised it by a reasonable amount as it turned out in 1978 and we have now gone the longest period for many years without an increase which is three years, by having raised it, I think at the last meeting of the Honourable House before the Election, really all it did then was pay the increases in Civil Servants emoluments, Sir. I raised it by too small an amount earlier this year and I therefore find myself having to come back to the Honourable House to raise it for the second time in 1981. So, I am asking the Honourable House to raise the limit by \$100 million.

The first point which I would make, Sir, it is not intended to take up the whole \$100 million. I would like to go for a couple more years without having to raise the limits again and, therefore, we are asking for a substantial upper limit, it is intended to start with \$15 million. Indeed, Sir, I would feel uncomfortable if we did not pass this resolution this month because there are a number of outstanding payable orders, as well as, the monthly salaries to be met. (*Asides*) Honourable Members seem to think that there is something shameful in admitting that the Government's cash flow position is such that you would like to borrow \$15 million, you would like to have it available for cash flow purposes.
9.40 p.m.

I am leaving the island very shortly, Sir, and the Hon. Deputy Prime Minister will have the duty, hopefully by Thursday, of agreeing that the monthly issue of Treasury Bills be increased by \$15 million, but we want a proper upper limit so that we do not have to be pushing and pushing, as has three times happened, as I am saying, Sir, now in seven years, and in all the circumstances I beg to move that this Resolution do now pass.

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

Dr. HAYNES: Mr. Speaker, the hon. member for St. Thomas has now virtually confessed, I would say, that he has no money to pay salaries this month and therefore seeks the indulgence of this Hon. House to accommodate

him on this particular evening to deal with this particular matter. Now, we would not like to see other people hanging around without getting paid. We know that there are many people, for example, who contributed to the CARIFESTA exercise who are still waiting for their cheques. Some have been part paid, some have not been paid, and I would not like to see it happen in these serious and inflationary times that the Civil Servants, those earning \$116 a week, one dollar more than what would have excluded them from the tax net, I would not like to see them in a situation where they would not get paid this weekend, or at the end of the month.

However, having started off on that note, I would caution the hon. member that the Central Bank has just introduced some very serious restrictions on credit in Barbados, and the Government entering into the market at the moment is even going to reduce very substantially the credit available. This is not a credit squeeze any longer, Mr. Speaker, this is a credit strangle that is being introduced on this country, and yet you say there is not a crisis. The hon. member for Christ Church East is prepared to get up in this Hon. House and say that a crisis exists only in relation to the Transport Board, and does not even know that a crisis exists in relation to Government's current revenue problems. You know, it is a remarkable thing, Mr. Speaker, that the Hon. Minister of Finance has been able to conceal from his previous Cabinet the true state of economic affairs in this country, and even more remarkable now he has been able to conceal it from his present Cabinet. I feel a little upset, Mr. Speaker, when I hear this.

Mr. SPEAKER: I hope the hon. member is not accusing the Hon. Minister of Finance of misleading this House.

Dr. HAYNES: No, Mr. Speaker, of course not, nothing like that. Not this Hon. House, because we are on the ball on this side. He cannot mislead us over here.

Mr. SPEAKER: But he can mislead the others over there.

Dr. HAYNES: No, Sir, I did not say that.

Mr. SPEAKER: But the imputation is, no.

Dr. HAYNES: That was a negative kind of imputation, not imputation which is positive, Sir. (Hon. H. B. St. JOHN: I want to talk too, you know). You want to talk, okay. Two brief points then, Sir, in that case.

I would like to draw attention once again to this resorting to the Central Bank, because I believe the August figure shows the total claims on Central Govern-

ment to be somewhere in the region of \$117 million. I asked the Hon. Minister of Finance to let me know precisely what the Government's overdraft was at the Central Bank and he has not given this House or myself an answer on that one. We will see exactly what the Treasury Bills would be. I do not have the August statement here, but the only one available at the moment in this Hon. House is up to the end of May, and I think it is somewhere in the region of, this is surprising, \$15 million. That cannot be right, anyhow that has certainly gone up considerably, more in the region of 50 to 60 million dollars since then.

There is also a very succinct statement by the Governor of the Central Bank that there has been an element of money creation in Barbados in the first six months of this year. In the statement in a recent release by the Central Bank, which I have here, but I will not search for it because I want to give the Hon. Deputy Prime Minister a chance to speak, but in the first or second paragraph of that statement he said that there has been an element of money creation which has certainly made situations much worse. So I would like the Hon. Minister of Finance to understand that although we do not oppose this in the interest of people getting paid and people not having to go around Barbados saying that the Treasury is empty and creating — true as it may be — and creating further problems of confidence in the administration and confidence in the investment climate in the country, we are concerned about the extent to which the Government is trying to resort to the Central Bank in order to ride out this crisis. That is not the answer, you are going to be creating your own problems.

If you can say that a modest advance of \$6 million in April 1976, or in the early months of 1975, was enough to create inflationary trends in balance of payments problems in 1976, when the Central Bank took certain decisions in respect of the financing of the sugar industry, a small sum of money, you can begin to imagine the kind of impact that this can have, this kind of borrowing and these kinds of finances can have on the overall economic situation. You have been warned and we will deal with the matter in greater detail, and I think my colleagues will deal with it when there is a larger audience. Thank you very much, Sir.

Hon. H. B. St. JOHN: It is obvious, Sir, that the hon. member is very disappointed that he will not be able to see himself tomorrow portrayed as having made a brilliant contribution to this debate.

Mr. Speaker, Government finances and Government revenue come in a very uneven manner. It is well known that the month of August historically has always been a month of low revenue production, a very low month for revenue production. It has been pointed out

that at the present moment the Government had in the month of August expenditure of a high rate on both Current and Capital Account. All during the course of the debate we have pointed out that the revenue over the course of the first five months of the financial year has been rising at approximately 7%, but expenditure is rising at a faster rate. This is so.

9.50 p.m.

We have introduced certain measures to ensure that some revenue will be collected to replace some subsidies, and we expect that to come in. We have also very clearly and succinctly told the public that the capital development programme of \$200,000,000 cannot be financed at the present moment and we have scaled that down; so what is all this hullabaloo now? You borrow money in the certain knowledge that you will have the ability to pay it back. There is nothing wrong with borrowing money. The hon. member knows that.

The second point I would like to make is this: this is not going to be taken up by the Central Bank. If you will notice in the release, the measures that the Central Bank has taken are to call upon the commercial banks to deposit a further amount of their deposits in the Central Bank and the holding of Treasury Bills will be counted as deposits in the Central Bank, so that if you are going to make a commercial banks deposit more in the Central Bank, you must have some instruments for them to buy, and the Treasury Bill is a good instrument, so there is absolutely no big difficulty in this. This is not any question of money creation in this instance. The Barbados Government and the Central Bank have been very rigid in what they call the backing of money in Barbados. You know that too. This is not Jamaica; this is the Eastern Caribbean. The record of all Governments in relation to printing of money has been one of great discipline. As a matter of fact, you cannot tell the Central Bank what to do really in respect of that, because they regard their integrity as being on line, so there is no big thing in a Treasury Bill issue. We will get an opportunity to continue the debate, but this is only to ensure that in September we will have their money and it will be repaid in 90 days, because we know that in October the first instalment of the Corporation tax comes in, and you will know that revenue goes right up from October on, so there is no difficulty with that at all. The hon. member knows this, but if he had had his audience today, he would have pompasettled more.

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

ADJOURNMENT

Hon. L. S. CRAIG: Mr. Speaker, the House has been in session for a very long time and has spent quite a

lot of time on a number of matters. We have a very crowded Order Paper. I would not like the Order Paper to get that crowded all the time, and I am seriously thinking whether I should suspend until tomorrow morning at 10 o'clock. However, in the light of the cooperation of the Acting Leader of the Opposition, I would rather spare the House that problem.

I beg to move that this House do now adjourn until Tuesday, 29th September, 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.

10.00 p.m.