

# THE House of Assembly Debates

## (OFFICIAL REPORT)

FIRST SESSION 1981 – 86

### HOUSE OF ASSEMBLY

*Tuesday, July 27, 1982.*

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); Rt. Hon. J. M. G. M. ADAMS, Q.C., M.A., (Prime Minister and Minister of Finance and Planning); Hon. H. B. St. JOHN, Q.C., LL.B., (Deputy Prime Minister, Minister of Trade, Tourism and Industry); His Honour C. L. BOLDEN, LL.B., (Deputy Speaker); Hon. Miss B. A. MILLER, (Minister of Education); Hon. L. B. BRATHWAITE, (Minister of Health); Mr. J. G. ODLE, B.Sc., (Chairman of Committees); Hon. V. L. JOHNSON, M.A., (Minister of Labour and Social Security); Mr. B. M. TAITT, B.A., (Hons.), M.A., LL.B. (Hons.); Hon. L. R. TULL, Q.C., M.A., (Attorney General and Minister of Foreign Affairs); Hon. DeL. O. BRADSHAW, (Minister of Housing and Lands); Mr. L. L. SISNETT; Hon. Dr. R. L. CHELTENHAM, M.A., M.Sc. (Econ.), (Minister of Agriculture, Food and Consumer Affairs); Dr. R. C. HAYNES, M.B., Ch.B., F.R.C.P.(Edin); Mr. R. E. BRATHWAITE; Hon. Dr. D. G. BLACKMAN, (Minister of Transport and Works); Mr. L. A. WEEKES; Mr. M. A. KING; Mr. H. A. BLACKMAN and Mr. A. TRUSS.

*Prayers were read by Archdeacon F. A. Cayless.*

#### MINUTES

Mr. SPEAKER: The Minutes of the Meeting of Tuesday, July 20, 1982.

Hon. L. S. CRAIG: Your Honour, I beg to move that the Minutes of July 20, 1982 be taken as read, Sir.

Mr. SPEAKER: If there are no objections from Hon. Members let those Minutes stand confirmed.

#### ANNOUNCEMENTS BY HIS HONOUR THE SPEAKER

Mr. SPEAKER: I am to announce that we received copies of Accounts and Statements for the month of April, 1982, as prepared by the Accountant General.

#### PAPERS LAID

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I am commanded to lay:

The Road Traffic Road Tax, Registration (Fees and Permits) Order, 1982.

Hon. L. R. TULL: Mr. Speaker, I beg to lay:

The Prisons (Amendment) Rules, 1982.

Hon. L. S. CRAIG: Mr. Speaker, I am commanded to lay:

A Statement showing sums advanced to the Post-Master General for the payment of Money Orders for the month of May, 1982.

Hon. L. B. BRATHWAITE: Mr. Speaker, I am commanded to lay the following:--

The Health Services (Psychiatric Hospital Accommodation Fees) Regulations, 1982.

The Health Services (Hospital Fees) (Amendment) Regulations, 1982.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, I am commanded to lay:

The Annual Report and Financial Statements of the Barbados Industrial Development Corporation for the year ended 31st March, 1981.

### GOVERNMENT NOTICES

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

A Resolution to grant the sum of \$24 452 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1982–83 Part I – Current – as shown in the Supplementary Estimates, 1982–83 No. 1 which form the Schedule to the Resolution.

A Resolution to grant the sum of \$42 420 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1982–83, Part II – Capital – as shown in the Supplementary Estimates 1982–83 No. 2 which form the Schedule to the Resolution.

A Bill to repeal the Rum Duty Act in order to make better provision for the distillation of spirits and related matters.

A Bill to validate the payment and receipt of certain motor vehicle taxes, and

A Bill to make new provision for the development of the Sugar Industry and to consolidate certain enactments related thereto.

### FIRST READINGS OF BILLS

Hon. L. S. CRAIG: I beg to move, Mr. Speaker, that a Bill to repeal the Rum Duty Act in order to make better provision for the distillation of spirits and related matters be read a first time.

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

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

12.30 p.m.

Hon. L. S. CRAIG: Sir, I also beg to move that a Bill to validate the payment and receipt of certain motor vehicle taxes be now read a first time.

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

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

Hon. L. S. CRAIG: I beg to move, Sir, that a Bill to make new provision for the development of the Sugar

Industry and consolidate certain enactments related thereto be now read a first time.

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

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

### STATEMENTS BY MINISTERS

Hon. L. B. BRATHWAITE: Mr. Speaker, when the Mental Health (Amendment) Bill 1982 was being debated in this House on 13th July, 1982, I indicated that in 1980 the Barbados Association of Medical Practitioners had sought to have an increase in fees for services rendered. I further intimated that the fees which had been revised in 1976 had sprung from a similar request from the Association in 1975.

The Rt. Hon. Leader of the Opposition, noting, however, that the amending Bill provided *inter alia* for retroactive payments from 1st October, 1975 to 30th September, 1980, expressed concern that it had taken so long to reach some concordance on negotiations which appeared to him to have begun since 1975. At that point I assured the Hon. Leader of the Opposition that the increase in the fees had been settled since 1976.

However, having regard to the concerns which were aired during the course of the debate on the amending Bill and the fact that statements made by me could have given rise to such expressions of concern, I considered it my duty to this Honourable Chamber and to the public to make a deeper search in my Ministry's records as to the correct position.

I have found that although an increase in fees had been decided upon in March, 1976, this increase indeed was not paid then because the amendment to the Mental Health Act which would have given effect to the increase was withdrawn from this House in May, 1976.

That amending Bill was withdrawn because the Act which it sought to amend was being repealed at that same time by a new Mental Health Bill (of 1976) providing for such fees to be prescribed by Regulations. It was obviously contemplated that the increased fees, as agreed in March, 1976, would be included in the Regulations on the enactment of the new Act. That new Act did not reach finality before a certain significant and refreshing date in August, 1976.

The 1976 new Bill was subsequently replaced by the Mental Health Act 1980–57 which was assented to on 24th October, 1980, but which has not yet been brought into operation by proclamation. The delay in issuing the proclamation is occasioned by having to wait on comments from the Judicial Advisory Council on Rules

which must be made at the same time as the coming into operation of the Act.

This shows that the 1976 revision of the fees was not in fact brought into force or therefore paid.

I am happy to take this opportunity to update this Honourable House on a matter of such importance. I am also grateful to the Hon. Leader of the Opposition and other Hon. Members to have given me the occasion to clarify the matter.

### ORDERS OF THE DAY

Mr. SPEAKER: Government Business is the Instant Order of the Day.

### GOVERNMENT BUSINESS

Hon. L. S. CRAIG: Order No. 7, Sir.

### THE PUBLICATIONS (LEGAL DEPOSIT) ACT, 1982

*Order No. 7 was called – To move the Second Reading of a Bill to revise the law relating to legal depositaries in Barbados and provide for related matters.*

Hon. H. B. St. JOHN: Mr. Speaker, this is the final Bill which will now permit the Government to proclaim the laws relating to intellectual property.

Honourable Members will be aware that we passed a new set of laws which involved a comprehensive revision of the law relating to copyright, patents and trade marks, and brought into force a Bill on the Statute Book, for the first time, dealing with industrial designs.

The Copyright Act, to which this Bill is a companion Bill, is an important piece of legislation, in that we have now extended the scope of the protection given to producers of works of art.

Honourable Members may be aware of the fact that under the existing Copyright Act and the companion law, it is necessary for the authors of all works to deposit with the Public Library a single copy of the work which they are publishing within a certain time of the publication.

Now that the scope of literary works has been expanded to include phonographs and other wider methods of communication, it is necessary to bring that companion law up-to-date to take into account the enlarged scope of the Bill.

The Minister responsible for Information will designate the depository. My understanding of it is that

the depository will continue to be the Library in Barbados.

I trust that now that this last bit of legislation is before the House that it will receive speedy assent. It is just a consequential amendment to the improvement of the law relating to intellectual property.

We hope to be able to proclaim that law as soon as the Instruments have been deposited for signing various Conventions to give the copyright, industrial designs, patents and trade marks international protection.

Cabinet has already approved Barbados joining these International Conventions. The international lawyers have to draw the requisite Instruments of Accession to these Conventions and we have to come to the House for the sum of money that we will have to deposit them with.

This then completes that exercise.

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

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. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. ODLE in the Chair.*  
12.40 p.m.

*Clauses 1 and 2 were called and passed.*

*Clause 3 was called.*

Hon. H. B. St. JOHN: Mr. Chairman, I beg to move that Clause 3 stand part.

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

Mr. B. M. TAITT: Mr. Chairman, just one question. I wonder if the Minister would take a look at Clause 3. As it stands now the Clause says, "....designate a library a legal depository....."

I wonder if he does not wish to leave the Minister flexibility in the event that it is a scientific document or scientific design. If you say "a library", it seems to me the Minister is restricted to something described as a library.

For what it is worth, there are other designs etc. which have to be deposited, which may not properly fall into library facilities we have become accustomed to. I just want to draw that to his attention.

Hon. H. B. St. JOHN: I can give the Hon. Member the explanation to that. The balance of Clause 3 sets it out. The only thing we are contemplating depositing is a visual, literary or musical work or sound recording.

In respect of industrial designs, and in respect of patents and things like that, they come into the Intellectual Property Office.

This is just really replacing the existing literary works depositary, which is the library. We had at one stage thought of the Archives, but in consultation with WIPO, and among the Ministry of Information, everybody thought that the library is more accessible. If you put it in Archives, it would not be more accessible.

Mr. B. M. TAITT: What I was suggesting is not the removal of the library, but I would put.... "a library or other such". It does not matter.

*The question that Clause 3 stand part, was put and resolved in the affirmative without division.*

*Clauses 4 to 9 inclusive were called and passed.*

*On motion of Hon. Dr. R. L. CHELTENHAM, 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.*

Hon. L. S. CRAIG: Mr. Speaker. Order No. 5.

#### THE MARRIAGE (AMENDMENT) ACT, 1982

*Order No. 5 was called – To move the Second Reading of a Bill to amend the Marriage Act, 1978–40.*

Hon. L. R. TULL: Mr. Speaker, consequent on the Budgetary Proposals this year, it is necessary for us to introduce legislation to make provision for the fees for the annual registration, and registration, of marriage officers. There are certain amendments – which have just been circulated – to the Bill that is before the House.

The Bill merely sets out the provision for the fees that may be levied upon marriage officers. I do not think there is anything controversial about it.

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

Hon. L. S. CRAIG: I beg to second that.  
12.50 p.m.

Mr. SPEAKER: The question is.....

Mr. M. A. KING: Mr. Speaker, there is one aspect of this..... (Aside) Mr. Speaker, in view of the amendments,

I have no contribution to make on this. The amendments which I have just seen circulated, deals with the problems which we on this side had in connection with the Bill which was first before the Honourable House.

Mr. SPEAKER: The question is.....

Mr. B. M. TAITT: Mr. Speaker, I think my colleague has taken care of the point which bothered us considerably about the Bill.

And I believe that, having spoken privately to the Government last week, they went somewhere towards correcting what we saw as an anomaly. But I just want to draw a question to the attention of the Honourable Attorney-General, which he may wish to consider.

It seems to me, certainly in the Anglican Church and in the established churches, that when a man is ordained a priest he would tend to see his calling as being a matter of conscience, *et cetera*.

Now the amendment says that:

"Where a marriage officer who does not comply with this section solemnizes a marriage during his non-compliance, he is guilty of an offence and liable on summary conviction to a fine of \$250 or imprisonment....."

It strikes me that in the ordinary course of events a man or woman who is licensed may forget to pay his licence but a priest or a man of the church, a man in religion, in the normal course of his spiritual calling will solemnize marriages and do other such things.

It just strikes me that to make it an offence, if he solemnizes such a marriage not having paid the fee, as opposed to making it an offence if he solemnizes the marriage not having registered, is – well, not having paid the fee means that he has become a criminal, according to this amendment.

*Rt. Hon. E. W. BARROW entered the Chamber and took his seat.*

I am just drawing it to the Honourable Attorney-General's attention for what it is worth, because it seems to me that it raises a question beyond the simple matter of a registered person not paying a fee.

Unlike other professions, the profession of a minister of a church appears to me to carry with it, not only a vocation for the purpose of earning a living, but it also carries deeper moral and spiritual considerations. So I wonder, in the light of these amendments, whether this Bill has been examined in all of its ramifications before we pass it in this Honourable Chamber.

I am not complaining, Mr. Speaker. I am merely drawing to the Government's attention that there is a moral question with which they may wish to grapple.

Mr. SPEAKER: The.....

Hon. L. R. TULL: Mr. Speaker, Sir, I think perhaps the Hon. Member has raised a question that will exercise the minds and discretion of several people in this community because of their special relationship with the church.

I think the very argument, based, as it is, on moral consideration, perhaps is an argument in favour of the particular amendment, because there is a greater responsibility on the part of the clergyman to uphold the law of the land than the laity. And if the law makes provision for the payment of a registration fee, the church has a responsibility to render to Caesar the things that are Caesar's. They have a responsibility to do that.

But I do take the point the Hon. Member makes — that the omission of paying the fee in itself, perhaps, as he says, is not the substantive point — the fact of not being registered as a marriage officer. That is another point, Sir.

I feel strongly that the provision made here is one that the church should be the first to accept.

The Hon. Member used the words, "established churches", and I hope that he is using the word, "established" in its general sense rather than as a term of art, because the Hon. Member well knows that there are no established churches in Barbados in the strict sense.

Indeed, I would think that the majority of marriage officers in Barbados — I see the names coming up on my desk quite often — are not officers of the church which the Hon. Member would classify as established, Sir.

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

Hon. Miss B. A. MILLER: I beg to second that.

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

*On the motion of Hon. L. R. TULL, seconded by Hon. Miss B. A. MILLER, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. ODLE in the Chair.*

#### COMMITTEE

Mr. CHAIRMAN: The House is in Committee.

*Clause 1 was called and passed.*

*Clause 2 was called.*

Hon. L. R. TULL: I beg to move, Sir, that Clause 2, with the circulated amendments, stand part of the Bill.

Hon. Miss B. A. MILLER: I beg to second that.

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

Mr. M. A. KING: Mr. Chairman, I would just like to raise a small question on Clause 2.  
1.00 p.m.

Marriage officers who fail to comply with the requirement of registration are guilty of an offence and liable on summary conviction to a fine of \$250, or imprisonment for three months, or both.

Now it seems to me that it places marriage officers in a somewhat anomalous position, because in relation to other professionals and other persons who are required to be registered by the 31st January, if they are not so registered, the law does not make them guilty of an offence and liable on summary conviction to a fine or imprisonment.

In relation to other professionals — lawyers, doctors and everybody else — the requirement is that they pay double the amount of the registration fee, but they are not in law regarded as guilty of an offence and being criminals under the Act.

So I am wondering if there is any special reason why marriage officers should be put in this special position.

Hon. L. R. TULL: The Hon. Member raises a point of some interest. But I think that if I answer the question, I would give the same answer to the question raised by the Hon. Member for St. Michael West.

It is the special responsibility of people who occupy positions of high authority in this country — the Hon. Member mentions positions of conscience, and he raises the moral issue — to comply with the laws of this country.

The argument introduced by the Hon. Member perhaps puts into my mind the need for amendment of existing registration laws for professionals, putting a penalty on those who do not comply by a certain date and still practise their profession. So I am grateful with the Hon. Member, and I will make a note here to look at the possibility of introducing amendments to the laws relating to registration of other professionals who do not

pay their money on time, and still practice their profession without paying the registration fees.

I think the Hon. Member has a good point and he should try and harmonize these things. I think the harmonization will perhaps move in the direction of imposing a penalty, a fine, on other professionals rather than taking away this penalty on people who are marriage officers.

Rt. Hon. E. W. BARROW: Mr. Chairman, I listened in consternation to the intervention which was made by the learned Attorney-General, the Hon. Member who just sat down.

His argument, in answer to the Hon. Member for Christ Church West Central, is that since the members of the legal and medical professions, and other professionals such as accountants, engineers, surveyors, and so on, are now subject to a penalty for not having paid their fees in time, the way to rectify that is to make it a criminal offence for everybody not to pay their fee in time.

I wonder if the Hon. Member can tell me, when he was practising, whether he always managed to remember, or the person in his office who was responsible for looking after these matters always managed to remember to pay the fee, let us say, by the 31st January, or whatever day it is — I certainly cannot remember; that is the duty of the accountant in the office where I happen to work.

Now, is the Hon. Member going to tell me that if his accountant, when he was practising, or the accountant in the office where I work, omits or forgets to pay a fee within the stipulated time, that the person responsible — when I say “the person”, I mean the professional person — lawyer, doctor, chemist, or whoever he is — now a marriage officer — is vicariously liable, criminally, for the omission, say of a day or two, just a sheer act of omission on the part of that particular employee of the person.

Revenue statutes, Mr. Chairman, are usually ordained in the first place like marriage — versed to prevent sin — but primarily to raise money for the Government.

But there are so few marriage officers in Barbados — let us say, there are 200 — that the Government could not be that kind of desperate for money that they must rake and scrape every single penny, and, furthermore, have a further imposition of a \$500 fine, and then the possibility of incarcerating the person who has omitted to comply with the law at the expense of the taxpayers and therefore be counter-productive, because the \$500 fine could not pay for feeding him in prison for any specific length of time.

What I would like to suggest to the learned Attorney-General is that the remedy in this case is not

to make it an offence for everybody. Either do what the Hon. Member for Christ Church West Central has suggested — that is, just tell them to pay a late fee; as we at the Bar have to do. (It is now \$1 500, I believe, for a Queens Counsel.) Say that you pay a late fee if you do not pay in time. That would jog your memory or help you to jog the memory of the clerk who is working for you and whose responsibility it is.

Or what is even better, having satisfied yourself through the Registrar that the particular individual is qualified and morally capable of performing the functions of a marriage officer, what you ought to do, if you are in need of money so badly, is to put on a fee at the beginning of registration for the rest of the time that that person's name remains on the register of marriage officers.

In that way, the amendment, which we are now introducing, invalidating marriages which have been performed by a person who is not qualified to perform them because he has not paid the fee, and whose name automatically should have been removed from the register; you get around all of those problems, and you would not be jeopardizing the particular individuals who are performing these functions if, for any particular reason — they may have been out of the island, or just plain forgetful — they are not complying with the law. It is very, very simple.

I do not think there is any Government in the Caribbean — of course, I cannot speak with authority for the Barbados Government — which is so desperately in need of funds that they have to go through the tedium, year after year, of collecting money from Ministers of Religion to keep their names on the Marriage Register.

As far as I know, Sir, I doubt that there are many ministers who charge money for performing marriages. It is not an industry.

I know there are Ministers, particularly in the constituency which the Rt. Hon. Member for St. Thomas represents, who charge quite substantial fees for burying people.

I think the rationale of this is that if you can pay out so much money to the undertaker, the particular incumbent of the parish church up there felt at that time that he could get some of the action too if they were paying out fees to the undertaker.

I personally do not approve of this conspicuous expenditure that people are going for in Barbados with funerals. But that is matter of individual choice.

When it comes to marriages, I believe the practice was that when the Bestman was presenting the ring, he presents the ring on an envelope which would sometimes contain a gratuity. Not many people were acquainted with this practise. So, strictly speaking, under the old Act that governs some of the ecclesiastical authorities in Barbados, they were not even suppose to charge for marriages.

And I am not utterly convinced that, apart from being a specially-invited guest at the reception, which usually follows these occasions, the minister really gets any material benefit out of performing the ceremony. So I really do not understand why you are putting a fee on ministers at all.

1.10 p.m.

Certainly if you are putting it on, I would suggest to the Hon. Member for St. George South that the better way would be to have a 'once-and-for-all' fee at the time of registration. Once that particular officer's name is on the register he is competent to perform any of these ceremonies until the Registrar on instruction, or on his own initiative, after complying with certain formalities, removes the name from the register— or until he is parted from the register by the grim reaper, which is death.

I do not really understand why we should be so desperate that we have to be collecting these fees every year. As a matter of fact, Mr. Chairman, the Registry is now so overburdened with the task of collecting fees, and the Post Office is so busy selling stamps to legal practitioners and people who are doing mortgages — because now they do not take money in the Registry, every time you want to pay money over there you have to send and buy \$35, \$60 or \$240 in stamps from the Post Office and then go back to the Registry with them. I suppose they will be telling marriage officers, when they go to re-register, that they have to go to the Post Office and buy some stamps and come back to the Registry.

You are placing a double burden of bookkeeping on the Post Office and on the Registry, and I really think it is completely unnecessary.

So I feel that instead of going the other way — the Hon. Member for St. George South has suggested that he would put a fine on everybody, but he might be the first victim of it when he goes back to private practice, if he does not watch out, because, you know, history has a habit of turning on the perpetrators of this kind of nonsense.

Mr. B. M. TAITT: Mr. Chairman, I did not intend to speak on this, but after hearing the Attorney-General,

in Second Reading, giving his own view on the moral responsibility of the priest, it seems to me that there are a few things which ought to be put in the record.

In the first place, I agree with my colleague who has just sat down, that priests — and I say priests here taking into account all of the denominations — I call them priests for want of a better word, but certainly I can speak with some authority of the Anglican Church, do not earn money from being marriage officers.

Secondly, Sir, and this is perhaps the most important thing, a priest has a very strong responsibility.

I have in my hand, Sir, the Constitution, Canons and Regulations of the Diocese of Barbados, and Regulation C10 of those Canons and Regulations sets out the duties and responsibilities of a clergyman.

C10 — 16 says: "Every clergyman having a cure of souls....." — (and I may point out that a clergyman having a cure of souls usually means that he is an incumbent in a parish, but when he is ordained and he has a pastoral ministry, he automatically has a cure of souls whether he is an incumbent or otherwise) —

"(a) shall preach the Gospel,"

— (and it lists a number of other things) —

"(b) shall minister the Sacraments and perform such other offices and Rites as are contained in the Book of Common Prayer or are authorised by the Bishop."

Mr. Chairman, as you are aware, marriage is one of the Sacraments, so a clergyman is charged, as part of the responsibility as a clergyman, with performing marriages.

It does not say, "he may", it says "he shall", and, as a matter of fact, toward the end of that same Regulation — C10 — 16 (h) — it says:

"shall explain to persons who desire him to solemnise holy matrimony the church's doctrine of marriage and the need of God's grace in order that they may discharge aright their duties as married persons."

In other words, Mr. Chairman, unlike a lawyer who can refuse a case, or a doctor who can fail to go out at night, if necessary, or can refer a case, if two persons of the Anglican faith determine that they wish to marry and they go before a man who has been ordained a priest, under the laws of his church he has a duty and responsibility to solemnise that marriage.

Now, it seems to me that by this law — and I am not here saying that there is not a difference between the church's law and the law of the realm — I am not trying to say there is no difference, and I hope no one will misunderstand me. He talked about rendering unto Caesar the things that are Caesar's, and I think that is proper. In

these days, of course, you have to render unto Tom more than you have, but that is par for the course.

Mr. Chairman, the question of deliberately, by law, putting a man into conflict with his own soul, as I understand it — I have no experience in these matters yet, Sir — the call to the Ministry supersedes the decision to become a lawyer or a doctor, or whatever.

I am told that you get a direct call to the Ministry. I am not in a position to say whether this is true or false, what I can say, however, is that it does seem as if there is a large amount of conscience.

What is important, Mr. Chairman, is that a priest, or a man of the cloth, as they are called, in whichever denomination, does seem to have a different calling, let me put it that way, from the normal professional, and I doubt that he or she would wish to be regarded as a professional, in the same sense as the other professionals who are called by the law to register.

I believe that there is some mischief which this legislation seeks to correct, of which we have not been told, because, on the information we have before us, it seems to me that the Government can forego the pittance which they are likely to get from the registration, and they can also forego the tremendous agony, which, by this legislation, they are going to inflict on one or two of the clergy.

And make no mistake about it, Mr. Chairman, it is going to create a problem — maybe not this year or next year, but at some point down the road, if this remains on the Statute Book. We are going to have problems with priests who fail to pay their marriage fee.

As a matter of fact, Mr. Chairman, I would not be surprised if, as a matter of conscience, many marriage officers decide that they cannot find it within their hearts to pay this fee. Now, there we are going to have a true conflict.

I can only say that I am glad that those who were married by such officers, or are married by such officers, will not suffer, because it will have been changed if amendment 1(e) had not been done.

We are going to have a problem and I am suggesting to the Government that this is an unnecessary problem. It raises very little revenue, it seems to make no difference to the normal running of the Government's business, and it creates problems for the community unnecessarily.

For those reasons, I would suggest to the Attorney-General that if he is not going to accept the suggestion

of the Leader of the Opposition, that he should come up with some other solution.

Cause them to register, ensure that a man cannot perform a marriage if he is not registered. But making him a criminal because he does not pay a fee, when, in fact, he does not benefit from the work he is to perform when he pays this fee, seems to me, if nothing more, to be unfair.

I am not sure, Mr. Chairman, that as a matter of conscience I can vote for this clause. As a matter of conscience, I would wish to record that I am unable to support this clause in its present form.  
1.20 p.m.

Hon. L. R. TULL: Mr. Chairman, I greet with equal consternation the arguments put up by the Hon. Members on the other side.

I started by saying that this Bill was consequential on the Budgetary Proposals for 1982, and I believe that the Rt. Hon. Member for St. John should know, better than most, that I am in no position to interfere with the provisions of the Budgetary Statement made by the Minister of Finance.

I am not introducing any new impost or levy on marriage officers. That is in the Budget of 1982, and it seems to me a little bit ridiculous, to put it at its lowest, that Hon. Members on that side should be asking me as Attorney-General.....

Mr. B. M. TAITT: If the Hon. Member would give way, on a point of elucidation, I am only using him as a vehicle, as a conduit. I am addressing my remarks to the decision-maker in this matter who is the Prime Minister, the Hon. Member for St. Thomas.

I am not addressing him. I do not wish him to make any adjustments in this Bill outside his purview or his power.

I addressed my remarks to the decision maker, and I am sure the Rt. Hon. Member for St. John, when he talked about revenue, would have known that the Attorney-General does not collect any revenue — it is the Minister of Finance — so that is no argument for the Attorney General to tell us to don't tell him, tell his Minister.

Hon. L. R. TULL: The Hon. Member for St. Michael West is very nimble of foot. He obviously, at the time he was talking, did not bear in contemplation that it was a Budgetary Proposal. I do not think he did, but I must admire his cleverness in being able to jump up so quickly to divert the attention in this matter from me to the Minister of Finance.

The fact of the matter is that it is a Budgetary Proposal and all that I am doing, Sir, is bringing in the consequential legislation to give effect to the Budgetary Proposal of 1982.

I am also a little bit taken aback by the lack of logic in much that has been said by the Members on the other side. I know that both Hon. Members who spoke have often boasted about their days as choirboys in the Cathedral Choir, and it may be their close proximity to the sacristy that makes them feel that they are expert in the esoterics of canon law.

I make no such profession. I do not understand any canon law, and I thank the Hon. Member for St. Michael West for today giving this Chamber a dissertation on canon law. I am interested in municipal law; that is why I am in here, and I can only deal with that. So when the Hon. Member is going to tell me all about the curer of souls and what these gentlemen with collars are supposed to do, I think it is irrelevant to the matter in hand.

I think the Rt. Hon. Member for St. John really knows better. He is saying to this Honourable Chamber, "Do you mean just because a man pays his registration fee late, you will put a fine on him?" If I pay my motor vehicle registration late and drive that car on the road, they deal with me in the law courts. It is nothing new.

What the Hon. Member leaves out is a serious lacuna in his argument. He says, "Do you mean if a man goes overseas and he is not back here by January 31 and he pays the thing late, you will make him a criminal?" And he says it may fall back on my head; that I may go back into law practice and I may be a victim of it.

I know, Sir, that if I am to be a victim of it that it will be a long time in coming, because it will be a long time before I am back in law practice. They better understand that. But that is not the point at all.

The gap in his argument is not that you pay the fee late, but that you practise the profession not having paid the fee. That is what it is; and he does not put that in.

If you pay your registration fee as a lawyer, an engineer or doctor, or anybody, after the date set by law, which is 31st January, and you practise your profession during that period and you have not paid, I think that is the point at which the law should exact a penalty.

If a marriage officer does not, during the period of non-payment, solemnise any marriage, then, obviously, I cannot see how he is guilty of any offence.

Indeed, if the Hon. Member would read the amendment, he would see that that is exactly what is said, that

"where a marriage officer who does not comply with this section solemnises a marriage....."

It is not a question of not just paying, but carrying out the duty of a marriage officer while not paying — that is what constitutes an offence.

I am not in the business of levying any fees, penalties, imposts or taxes on anybody in this country — no more than the Hon. Members on the other side — and I just thought it was important that I get through that they were arguing on a false premise.

The Rt. Hon. Member for St. John makes the analogy of the undertaker and a funeral, as if to say it is all right if the man who is burying pays some kind of fee because you pay the undertaker so much money that you might as well give the Church a little piece. (*Asides*) He says that is how somebody in St. Thomas feels.

I think that, perhaps, the example he picked might be indicative of a very general trend in this country, because I know, as a fact, that churches do charge people money for burials. I know that for a fact. And, just in case the Rt. Hon. Member does not know, I also know several churches that charge people for weddings.

And if the analogy between the whole lot of money you pay the undertaker in relation to what you pay the church is to be taken seriously, the man who is performing the marriage may well feel that if you can pay so much money to the dress designer, that he is entitled to a piece of change too.

I have taken, Mr. Chairman, the comments made by the Hon. Members in criticism. But I do stand by the Bill in substance, and its amendments, and I beg to move that this clause stand part of the Bill.

*The question that Clause 2 stand part was put and resolved in the affirmative, the House dividing as follows:-*

*Ayes:* Rt. Hon. J. M. G. M. ADAMS; Hon. L. S. CRAIG; Hon. L. B. BRATHWAITE; Hon. L. R. TULL; Hon. Miss. B. A. MILLER; Hon. Dr. D. G. BLACKMAN; Hon. DeL. O. BRADSHAW; Hon. V. L. JOHNSON; Mr. R. E. BRATHWAITE; Mr. C. L. BOLDEN; Mr. L. L. SISNETT; Mr. A. TRUSS; and Hon. Dr. R. L. CHELTENHAM — 13.

*Noes:* Rt. Hon. E. W. BARROW; Mr. B. M. TAITT; Dr. R. C. HAYNES; Mr. H. A. BLACKMAN; Mr. M. A. KING and Mr. L. A. WEEKES — 6.  
1.30 p.m.

*On the motion of Hon. L. R. TULL, seconded by Hon. L. S. CRAIG, Mr. CHAIRMAN reported the passing of one Bill in Committee with amendments and Mr. SPEAKER resumed the Chair and reported accordingly.*

*On separate motions of Hon. L. R. TULL, seconded by Hon. L. S. CRAIG, the Bill with amendments was read a third time and passed.*

Hon. L. S. CRAIG: Mr. Speaker, Order No. 4 and I sincerely hope that my colleague, the Member for St. Michael South Central — I know he is rearing to go — when dealing with this matter, will not cause Barbadians to lose confidence in his very own institution. I just want to warn very early, Sir.

I move that Item No. 4 be the Instant Order of the Day.

Mr. SPEAKER: Order No. 4.

Hon. L. S. CRAIG: You are wild you know. You are wild. You are a blind swiper. Do not go and curse Lewis. (Hon. H. B. St. JOHN: He wants cursing.)

#### BARBADOS NATIONAL BANK (AMENDMENT) ACT, 1982

*Order No. 4 was called — To move the Second Reading of a Bill to amend the Barbados National Bank Act, Cap. 322A.*

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, the Barbados National Bank commenced operations in the year 1978, in the month of March, and at the end of four years, I think the time has come to take a look at the bank and its operations, and to analyse its success and its failures to date.

The bank was an entirely new venture, for although it is built on the structure of the Barbados Savings Bank, the concept of a bank, owned and run by Barbadians, making commercial loans was an entirely new one and was one which required greater adjustments on the part of those responsible for the management of the bank from its inception.

As perhaps, with most new institutions, the Barbados National Bank has not recorded any profit in its first years of operation.

Although deposits have grown very considerably from \$43 million in 1978 to — I have not got today's figures, but it would be around \$150 million today — the advances of the bank have also grown, but in what I think is more growing pains than anything else — the bank has remained so far, in a loss position having made a loss of \$155 000 in 1978, a net loss of \$473 000 in 1979 and another net loss of \$576 000 in 1980. The final accounts for 1981 are not yet ready, but it is expected that the loss will be greater. (Dr. R. C. HAYNES: About \$3 million to \$4 million.)

Now.....

Mr. SPEAKER: Please!

Rt. Hon. J. M. G. M. ADAMS: ..... There is this to be said, before we condemn those responsible too quickly.

The Barbados National Bank has gradually, at first, and more speedily afterwards, taken over the financing of the sugar industry — and the sugar industry in 1981 and 1982 has made spectacular losses, and it is these losses which have carried down the bank last year, and probably this year.

The loss to the agricultural banking division in the bank for the year 1981 was \$1.2 million. We can expect a greater loss this year, because the sugar crop was even worse in 1982 than in 1981.

Throughout the four years of the bank's existence, indeed the commercial banking division has recorded a surplus of income over expenses.

A *sotto voce* remark from the other side suggested that it is going to be said that the bank had lost \$3 million to \$4 million in 1981.

I very sincerely hope that when the Hon. Member, who made that remark, gets to his feet that he would say it out openly, because I look forward to contradicting him, by a substantial factor, when the audited accounts for 1981 are fully available. But, undoubtedly, the bank's position has been less attractive after four years than I had hoped.

I have outlined, in these few remarks, Mr. Speaker, the two areas at which I have been looking when I considered reorganising the bank to put it into a more agreeable position, in all its divisions, for making a profit.

The Bill now before the Honourable House seeks to make changes in the staff structure of the bank and it seeks, also, to make changes in the conditions under which agricultural loans are made.

My reason for this is that I consider that the bank's failures have been, almost exclusively, in those two areas.

There have been one or two small difficulties. The airport branch was not as successful as I would hope. I think, perhaps, that there is a staffing problem.

The Speightstown branch has not been very successful. That does not, by any means have a staffing problem.

That is a problem which arises out of the fact that the Speightstown branch has the account of the Cement Plant, and it has had very large deposits made in it, and it has been impossible to generate a sufficiency of loans funds in the north of Barbados to absorb those deposits.

As business builds up at Heywoods, and at the Cement Plant, itself, in the months and years to come, I anticipate that Speightstown will become one of the most profitable branches.

Staff changes and other changes which already have been made at the airport have improved the performance of that branch. So, it is to staffing as a whole, and agriculture, that we must look.  
1.40 p.m.

In 1978, salaries, in the nine months of operation, amounted to \$1.5 million. In 1979 they went to \$2.8 million; they reached \$4 million in 1980, and \$5.6 million in 1981. Office expenses, over the same period, went from under \$300 000 to \$1.2 million; pension expenses — those rose enormously, but I don't think it is fair to include those because they are corollary to staff expenses generally and the pension scheme was, being introduced over the period — but what is known as sundry administrative expenses, including travelling and so on, rose from \$322 000 to \$1.4 million between 1977 and 1981.

The total expenses of the bank, in fact, have risen to \$2.5 million to almost \$10 million in the four years. This has been, Sir, an impossible situation for the Ministry of Finance to sustain.

It is very important to remember that the Government's general policy, like, I believe, that of the previous Government, in the case of self-sustaining Statutory Corporations, has been to give the Board of the corporation a free hand with staff.

In general, a Statutory Corporation under the control of the ministry, is obliged to submit a staff structure containing all the jobs which it wishes to fill and outlining salary ranges to the Minister for approval. In the case of upper salary levels, the Minister is also required to approve the personnel who fill the top posts.

In the case of self-sustaining operations, which do not require a subvention from the treasury, it has been the practice of successive governments to appoint a Board and permit a Board to establish its own staff structure, and not to impose any condition which would require the top jobs to be filled, with the ministerial approval, or the number of jobs which exist in the business to require general ministerial approval.

Mr. Speaker, Sir, there is abroad a general belief that politicians like to fill jobs with their yard fowls, as the expression goes, like to create a great number of jobs and give them to their political friends, or their personal friends, and that politicians cannot be trusted to keep down Government's expenditure in this regard; and that independent boards appointed — left to do their own staff appointments are more reliable custodians of the public interest and the Treasury than are politicians.

I had an analysis done earlier this year, Mr. Speaker, of every Statutory Corporation in Government, and such corporations as the Housing Authority, the Sanitation Service Department, to name two...the Transport Board, to name a third, have shown, substantially, no staff increases for several years.

The numbers fluctuate in the Housing Authority. The numbers went up quite sharply in December 1980, and came down quite sharply by the time of the analysis. In the case of the Transport Board, numbers went up very sharply in May 1976, came down quite sharply in October 1976, went up again — not before elections, Sir — and have gone down again.

The real point is that the staff structure of the Boards under political control have been, within reason, kept quite firmly in hand.

The staff at the Central Bank, on the other hand, where there is no element of political control whatever, has risen, I think, something like four times as much as the average of our corporations. It rose by 30 per cent since we have been in power. The staff at the National Bank rose by percentages that are too horrifying for me to contemplate — not counting the first year.

The staff of other corporations, not of an immediate financial nature, but independently financed, have one characteristic in common — they all grew up much more quickly, and so do salaries, than staff and salaries in the Government — controlled corporations.

I think this is an important statement, and I think I am making it on behalf of all politicians, certainly on behalf of everybody who has held ministerial office in this country — while Ministers, of all political persuasions, have shown commendable restraint in granting staff to Statutory Corporation, this has not always been the case with the corporations that do not have the hand of ministerial constraint placed upon them.

Accordingly, when I discovered that the Barbados National Bank had managed between 1980 and 1981, when there was ostensibly no salary increase, to raise its staff emoluments from 4 million to 5.5 million, and its general

expenses from 7.3 million to 10 million, I decided at that stage that it would be necessary to bring the bank's staff under ministerial control.

As a result of submissions made to me by the Board of the bank and, indeed, by the Central Bank also, I have decided against doing so. The first draft of the Bill, which I drafted in my own hand, which the Board saw, is not the Bill which appears before Parliament.

Naturally, there had to be an understanding that staff costs will fall at the National Bank and submissions have been made in response to an initiative by me to the Board — and I suspect that I will agree with these submissions — that the bank requires, for profitability, a 10 per cent reduction in staff.

The posts which are to go have been identified and when this Bill is passed, if it is passed — I expect it to be passed — and the reorganization of the bank becomes complete, I anticipate that these posts will formally be made redundant, and redundancy payment given to those officers of the bank who no longer have a place in the bank's operation.

I do not wish to be over-critical, Sir, and I do not wish to pick out any individual, and I am not indeed going to pick out any individual. But if I say that the bank has had a Special Projects Officer for two years now, at a very high salary, an officer who was a failure in substantive posts in other parts of the bank, when there are no special projects — perhaps the public will understand that there is some room for trimming off that fat at the bank.

I don't think there is anybody in here who sits in the Cabinet, has ever sat in a Cabinet, or anticipates that he will ever sit in a Cabinet, who would have approved the creation of a post of 'Special Projects Officer' to accommodate a friend, when there was no real contemplation of special projects to be done. And I am speaking about somebody better paid than a Member of Parliament, I am not speaking about a watchman.  
1.50 p.m.

Now, the reorganisation of the bank starts at the top. It has not proved to be a successful way of doing business in Barbados to have a chief executive who also presides over a commercial Board. I know this is the case with the Central Bank, but Central Banks, throughout history, have a long tradition and a long understanding of how these things are done.

All Central Banks in the world are patterned on the Bank of England. The Bank of England has a Governor and a Court. The way the Governor runs the Bank of England has been a pattern for virtually all Central Banks throughout the world, except in the centralised system of the

United States, and anybody who becomes the Governor of a Central Bank immediately has the benefit of a caucus of tradition around the world on which to build his own operation.

The Central Bank, as far as I am concerned, must therefore stand by itself as an institution, the President of whose Board is also the chief executive. This Government has no intention of ever allowing such an organisational system to be used for running any of the institutions unto which it devolves power.

The post of President of the bank has therefore been replaced in this Bill by a post of Managing Director. The Managing Director will sit on the Board as a Director, but will not preside over the Board. The Board will have its own Chairman and Vice Chairman.

I think that this will make for a great deal more comfort in the Board's operations. I intend absolutely no reflection on anyone, certainly not on the very able figure of the public officer who occupied the post of President, and to whom the country owes a debt of gratitude for leading the bank through its early years. But the system under which the Board of the Bank was asked first to operate did not make for restraint.

It is very difficult when he who proposes is also the judge, and perhaps this difficulty was never entirely, if at all, overcome by the Board.

Every effort will be made to reduce the expenses to which I have referred. Examinations are being made of all sections of the staff throughout all areas where office expenses are concerned. Sundry administrative expenses are being analysed very carefully indeed.

A comparison has been made, with the assistance of the Central Bank, with staff costs of other commercial banks in Bridgetown.

It is an article of faith in the Central Bank and the Barbados National Bank, in the upper ranks of the Civil Service, in the middle ranks of the Civil Service and so on, that Civil servants are very badly paid. If you want to know where people are badly paid in Barbados, you must look at the hotel industry; you must look at some of the banks in Broad Street; you must look at the businesses in Bridgetown — Barbados Shipping and Trading.

It is quite untrue to say that in general, and perhaps except for one commercial bank, that salaries in the Barbados National Bank, the Central Bank, or in the Civil Service, do not bear comparison to salaries in the outside commercial sector.

There is a tendency to compare yourself with the highest, and one bank in Bridgetown — I am not going to

call its name or mention its staff figures — has total staff costs of very nearly 60 per cent more than any other bank, although its profits position is no better than one of the other banks, and, comparatively speaking, it has the worst profit position of all, and has no more advances than one of the others.

I am not going to identify any banks, but I would much prefer to think that our fledgling institutions attempt to emulate the working conditions of the American banks in Bridgetown rather than banks which may themselves have very serious problems with over staffing and over paying.

The American banks in Bridgetown, which are far and away the most profitable operations, undoubtedly have managed to succeed in a very competitive field without paying the salaries, and without the elaborate staff that the Barbados National Bank and other banks in Barbados have thought necessary.

When these comparisons were made, Mr. Speaker, I realised that there really was too much padding. And it is these comparisons which have led to the economy drive which is going to be imposed on the Barbados National Bank.

I have said the worst that can be said on the commercial side because there is a great deal that is good to be said about the Barbados National Bank.

The head office has over 100 staff — more, I believe, than all the other head offices in Bridgetown put together — and the only branch which it manages outside Barbados is one small branch in the basement of the High Commission in London.

But this staff, undoubtedly, has proved honest, full of integrity. (Hon. Dr. R. L. CHELTENHAM: But not very hard working) Perhaps. I hear *sotto voce* from behind me, “not very hard working,” but when there are so many of them they see to it that the amount of work to be done is shared out among everybody — they do not try to overburden any individual.

The bank has been run on sound commercial principles as far as loans are concerned. I hear no accusations of political favour in the granting of loans.

The only accusation I have heard, and this was investigated by the Board, was that a member of the Democratic Labour Party, who is a high officer of the bank, threatened a person seeking a loan that if he did not canvass for the Hon. Member for St. Joseph that “he might be hurt” in his loan application.

There is one other. I received an anonymous letter complaining of an advance to another member of the Democratic Labour Party who lives in the constituency of

the Hon. Member for St. Michael South, who is not present.

Those are the only two complaints of political discrimination that I have ever received in respect of the Barbados National Bank. And I am proud to say that in both cases it was alleged that a member of the Opposition party, who is an employee of the bank, was showing favour to a member of the Opposition party.

I have never heard it alleged on a political platform, or seen it in print, that any favour is shown by the Government to its supporters through the Barbados National Bank. And I am proud of that.

Nobody can say that there has been any scandal at the bank, and banks do have these things, Sir. Bank Managers in the reputable foreign commercial banks have found themselves on the receiving end of severe accusations and found themselves no longer working at the banks.

2.00 p.m.

A bank manager in a foreign commercial bank, in the days of long ago when our party was in opposition, one evening really told me that he was attempting to get the then Chairman of the National Insurance Board to place deposits in his bank, and indicated to me the favours — thank goodness, not of an immediate financial nature — which he was preparing to extend. I am glad to say that both projects failed.

Mr. SPEAKER: Does the Hon. Prime Minister intend to finish his address in ten minutes?

Rt. Hon. J. M. G. M. ADAMS: I could not tell you that, Sir.

#### SUSPENSION OF SITTING

Mr. SPEAKER: This sitting stands suspended until 2.45 p.m. today.

*On Resumption:*

Mr. SPEAKER: This sitting is now resumed.

#### QUESTION TIME

Mr. SPEAKER: It is now Question Time.

I am advised that there are no replies to questions ready. So, we go into Private Members' Business.

## PRIVATE MEMBERS' BUSINESS

### RESOLUTION TO REVIEW PRICE FIXING MECHANISMS FOR ELECTRICITY

Hon. H. B. St. JOHN: Mr. Speaker, last week we had the privilege of a number of contributions to this Resolution, and, during the course of the contributions, it was very interesting to hear the spokesmen from the other side.

It is very clear to me, on the question of public utility pricing, that there is a lack of understanding by many people as to the scope and powers of the Public Utilities Board.

It is also very clear to me that many people fail to understand, in their zeal to enlarge the scope of operation of the Public Utilities Board, that profound hardship can be caused to many sections of this community, unless a careful examination is done before there is such an expansion.

For instance, the Hon. Member for Christ Church West Central said that he was of the opinion that transport, water, bottled gas and a number of other areas should come within the scope of the Public Utilities Board.

Immediately as transport is brought within the scope of the Public Utilities Board, it is inevitable, under the terms of the statute under which they operate, that an award must be made to cover operational expenses. Ever since 1976, there has always had to be a subsidy to the Transport Board. I do not know whether the Hon. Member is advocating a complete abolition of subsidies for transport.

I go further and say so it is with water. It is inevitable that, under the terms of the existing Public Utilities Board laws embodied in the Act, an examination of the accounts of the Barbados Water Authority, would reveal that the operational expenses are not covered by the existing water rates.

So we cannot have our cake and eat it. We cannot, on the one hand, state that as a political party we are in favour of expanding the scope of the Public Utilities Board to cover other areas of operation, such as water and transport; saying that we must expand the staff of the Public Utilities Board to be able to monitor the financial operations, and at the same time do not expect that the inevitable consequence of placing these additional areas of responsibility upon the Public Utilities Board is that there will be a significant increase in the cost to the consumer — unless, of course, you will have one set of rules for one organisation, one public utility, and another set of rules for another public utility.

I have also heard the Hon. Member for St. Michael South Central make statements about financing public utilities.

I am not commenting on the judgement of the Public Utilities Board. That is not my function. There are Appeal Courts; the provision for re-application; all kinds of things to deal with that. I am not dealing with that.

I think, for the enlightenment of the public, that we should have a clear understanding of the problems of public utility financing in the context of the world economy, which, since 1975, has been characterised by very, very fluctuating and uncertain interest rates, and a very fluctuating rate of inflation.

This is a matter that has bedevilled, bedevilled, public utility financing all over the world. It is now very, very clear that every Public Utilities Board, or equivalent organisation, has got to take inflation and the cost of capital into account.

The Hon. Member had a lot to say about the World Bank, in terms of its lending. He had a lot to say about historical cost, about inflation, accounting and matters of that kind.

I will only say, Sir, that I had the privilege of reading some sectoral policy papers on this question of financing, published by the Caribbean Development Bank, because, today, the Caribbean Development Bank, which is our bank in the Caribbean, is being called upon more and more to perform a role of financing in this area.

I am going to lay them on the Table of the House. I think it would contribute to the improvement of the knowledge of the problems in these matters, because all Governments have to face them.

The CDB set out the norms upon which they would finance public utilities. I am quoting from the one on electric power — the one on water and sewage, and the one on transportation, is not much different, because the basic pricing policy that they set out as their norm is this: "The rate of return on the net rate base before revaluation of assets" — "the rate of return on the net rate base after revaluation of assets" — and "medium to long term surpluses after debt service and adequate maintenance in relation to long term investment requirements."

It says:

"Because of the relatively small salaries of utilities in the Caribbean, CDB proposes where method (b) is applied, to recommend the practice of having periodic,

say, once every five years, physical re-valuation with annual application of escalatory clauses in the interim”.

Not even, Mr. Chairman, the strongest advocates of tight regulations in any country that I have been able to find in any of the decisions that I have looked at in the last five or six years; not one Public Utilities Board in its judgment has not adverted to this enormous problem of the great increase as a result of inflation of capital replacement costs.

So do not let us fool ourselves, do not let us attempt to fool anybody. Any public utility regulation today, in any part of the world, must take into account the question of the cost of the replacement of assets.

Once you take these matters into account, and you take the cost of inflation into account, it is fairly obvious that it is necessary to give far greater increases in the earnings than it was in the past.  
3.00 p.m.

My quarrel is this, Sir. My quarrel is that sufficient work has not been done — not only in Barbados, but in other countries — on the question of the distribution of the burden of rate increases between various sectors of the consumers, and this is a very important area. And I notice that this is a matter that is adverted to in the sectoral policy studies.

I feel, Sir, that in a country like Barbados, this is a very important area. I am looking forward to the comprehensive study which has been instituted into the question of marginal pricing and the distribution of the burden of existing electricity rates.

Contrary to what the other side believes, the Public Utilities Board in Barbados, with their existing powers, has already commissioned competent engineering surveys of the engineering practices at the Light and Power. You see, the Hon. Member does not have access to the Minutes of the Public Utilities Board.

It is untrue to say that the Public Utilities Board in Barbados does not have the legal competence to hire experts unless it is a rate case. That is untrue! (Dr. R. C. HAYNES: You said so.) You all over there said that.

Mr. SPEAKER: Please!

Hon. H. B. St. JOHN: It is untrue to say.....

Mr. SPEAKER: There must be order.

Hon. H. B. St. JOHN: .....that it is necessary to have a permanent staff to do this on a continuous basis, when it can be actually done on an *ad hoc* basis, at a much lesser charge.

You cannot even get engineers, given the salary structure in Barbados, to work in the Government Service, or to work in private industry, for the salaries which are paid. How can the Public Utilities Board attract an engineer to work on their staff permanently?

It is obviously better to do periodic, specialist examinations — and one such study was done by the Public Utilities Board. I think the name of the gentleman was a Mr. Burnett. The Rt. Hon. Leader of the Opposition would know him well. I understand that he is a contemporary of the Rt. Hon. Leader of the Opposition and apparently, from the minutes — I can understand when I looked at the minutes — he was a consultant to some power authority in the United States. So, the Public Utilities did do that.

As far as the financial aspect is concerned, both during the course of the rate hearing and prior to the rate hearing, under the existing law, the Public Utilities Board is perfectly competent to have an independent financial examination. When it comes to the rate hearing, they can have an assessor with both engineering and financial and accounting expertise — and that is what was done.

One of the appointees during the course of the recent hearing was a person who, as I understand it, is a Chartered Accountant. In addition to that, and prior to the hearing, an assessment was done, independently, by a firm of chartered accountants. One of the members of the Public Utilities Board, I recall very clearly, was specifically appointed because he was a chartered engineer and had had a tremendous amount of experience in engineering.

So do not attempt to suggest that there is a defect in the law in this area. There is no defect in the law. Absolutely no defect in the law. There is no defect in the machinery for monitoring. Absolutely none.

Of course, you may want to have a situation, as is described by the Rt. Hon. Prime Minister, in which you would like to have a staff situation, like they had at the National Bank, with hundreds of people employed — a hundred people at head office with no work to do, but drawing money. But we do not agree with that.

There has been no request from the Public Utilities Board for additional money to hire expertise which has been denied by this Government. Absolutely none.

At this point, that reminds me of one thing. The Hon. Members on the other side forget this. When the Barbados Labour Party was in power previously, natural gas came within the purview of the Public Utilities Board.

It was the Democratic Labour Party that took natural gas from the purview of the Public Utilities Board. That is a fact. The Natural Gas Corporation used to have to go and justify their rates before the Public Utilities Board, and the Democratic Labour Party said it was a waste of time.

Of course, that only illustrates one thing, because if Natural Gas charges you before the Public Utilities Board now, the net rate of return is 1.2 per cent or 2 per cent and you would have to get more. That only goes to illustrate the point I was talking about. You would have to get more.

It is a very dangerous thing to put forward this idea that all of these public utilities ..... Put water. If it is the policy of the Democratic Labour Party that they could put water under the Public Utilities Board, I would be glad. Yes.

I heard the Hon. Member for Christ Church West Central say so — that all of these things should be under the PUB. Bottle gas. If he had his way, all of them would be under the PUB. I was very worried when he said it, because I said to myself, 'Is that really the policy of the Democratic Labour Party?' Because I am going to remind him that he was the legal adviser or the Chairman of the Natural Gas Corporation, I cannot remember which — I know he was the legal adviser of the Public Utilities Board — when they took it away and said, 'No, we cannot put it before you because if that were so, you have to give them more rates.'

There is no easy solution in times of high inflation and high capital costs to the question of adequate financing and an adequate rate of return. It is a very, very, difficult point.

There is scope for adjustment in the distribution of the burden of the given dollars that are necessary to provide bankers with security, and these documents show that the attitude, in relation to financing of public utilities, of at least one other financial institution, is much the same as the World Bank, that is, the Caribbean Development Bank. The Caribbean Development Bank's attitude is not dissimilar from the World Bank.

One of the things that all of us have to recognise today, is that with the shortage of money in the world — you can only get it from free services if somebody would give it to you — you raise it by rates or you go to the bank. Now, if you go to the private banks, they wish more than the multilateral or multi-government institutions. So, therefore, the cheapest capital that I know of, if you cannot raise it with your own resources, is either the World Bank or the Caribbean Development Bank. I do not know of any other source. Or go to the Eurodollar market. The Eurodollar market is far more expensive.

If these institutions are telling you, 'We have the money. We have a large queue for money,' they are in a position to dictate, to a large extent, the terms and conditions under which you borrow.

I think that we had better let it be clearly understood that we have a choice to make. Either say we are not going to expand because the cost of borrowing is too great, or we say we will expand and we will try to shift the burden of the cost of expansion among the consumers who are best able to bear that burden. That is all we have.  
3.10 p.m.

I say that if we are to have development in our country where employment opportunities are created, it is necessary to have an adequate source of power in your country. And I disagree, profoundly, with the view expressed by the Hon. Member for St. Michael South Central — as he then was, if he is not that now, because I am not sure he is — that it was wrong to expand electricity in Barbados.

I cannot afford, as Minister of Industry and of Tourism, knowing that we had reached, and still are in the position where the amount of generating capacity that is in existence is insufficient to satisfy the demand, particularly at peak time.

Now if it is the Hon. Member's philosophy that we must stop expansion until economic conditions get better, that is the Hon. Member's view. It is not the view of the Barbados Labour Party....., it is not the view of the Barbados Labour Party.

In any public utility, electricity in particular Mr. Speaker, there must be a percentage of reserve capacity. There is a great leeway between installed capacity and usable capacity at peak, and it appears that there is a lot of spare capacity.

But it must be remembered that for reliability of supply, you have to have maintenance, and maintenance involves the taking of units out of account in the productive capacity and that is why you will see that there is a big distinction between the capacity.

The Hon. Members can go through the accounts all they like. I know that as far as the Minister of Industry in Barbados is concerned, and the Minister of Tourism in Barbados is concerned, I do not want a situation in which when I have an applicant for power, that he is going to come back to me and tell me that the electricity company cannot guarantee him electricity until two years from now. That is not a desirable situation.

Well, you will tell me that it never happened. I can tell you that if we did not put in the generating capacity, it would have happened this year. That is what

I can tell you, that if the turbines were not increased that it would have happened this year. *(Aside)*

Well, you see you miss one thing — you do not understand that industry and tourism doubled in this country within the last five years, man. You never contemplated that. It is a fact that that has occurred. You are still thinking of the days when we were increasing at only one of two percent. We are thinking now in days in which we are increasing at a compound rate of 4 percent or 5 percent per year. What are you talking about? Don't tell me that it is a lie to you. That was their expectation having regard to your motivation at that time..... This is a different situation.

So, Mr. Speaker, we have gone through a position in which we have risen to a new plateau of expectations and demand. That is the position.

Therefore, I think it is important to point out to the public that reliability in electricity capacity is a very important thing for winning industry and winning development.

I will lay these documents. I really like these sorts of intellectual discussions. You want enlightenment. I only hope that the press can read them, so that when the Hon. Member speaks, instead of just writing down what he says, they will be able to contradict him, too. It is the Electric Power Sector Policy Study by the Caribbean Development Bank, Sir, April, 1981, similarly with water and sewerage, and the third one is transportation, Sir. Let it be in the Library of Parliament where people can look at them and read them, and digest them, and be able to understand these important matters.

Dr. R. C. HAYNES: Mr. Speaker, I would like to know if there are any other Hon. Members who wish to speak. *(Pause)*. I will wind up.

It would appear that this Resolution was most timely, and, certainly, judging from the speeches from the other side, I don't think they will have any difficulty in supporting the Resolution.

Of the two speeches, Sir, the Rt. Hon. Prime Minister in fact made no particular contribution except to point out that if you don't pay for it as consumers, you will pay for it as taxpayers. But I would just like to draw to his attention, generally speaking, looking at the tax structure in Barbados, that the consumers are by and large taxpayers.

The Hon. Deputy Prime Minister sought to introduce a degree of distorted intellectuality into this argument.....

Mr. SPEAKER: What is that again?

Dr. R. C. HAYNES: He sought to introduce an element of distorted intellectuality into the argument. *(Asides)*

Mr. SPEAKER: Please, please.

Dr. R. C. HAYNES: I will justify that, Sir. *(Pause)* I await your ruling, Sir.

Mr. SPEAKER: I am listening to the distortion.

Dr. R. C. HAYNES: No I am talking about the intellectuality, Sir. *(Pause)* Shall I proceed, Sir?

Now, Sir, on the question of capital expansion, no Member on this side has ever said at any time during this debate that there should not be a capital expansion of any public utility. What we have said, Sir, is that your capital expansion should be properly planned and it should coincide with clear evidence of increased demand.

We have also, Sir, been very critical of the method of financing capital expansion of any utility. We have taken the view, which we think is quite legitimate under the laws of Barbados, that rates are chargeable on the basis of property use, and useful, in the public service; on the basis of a fair rate of return on the capital deployed in producing that service, and also on a fair assessment of reasonable expenses incurred by the public utility providing that service.

3.20 p.m.

What we are saying, Sir, is that you cannot ask the consumers of this country to pay to expand the Barbados Light and Power Company Limited when, in fact, when they have paid for that expansion, then the expanded plant becomes the property of the shareholders of the Barbados Light and Power Company Limited — and then on the basis of those augmented assets a further increase in rate could ultimately take place. That is all we are saying.

Sir, this brought us to the whole question of the accounting procedures which permitted a by-pass mechanism in order to provide for such rates over and above those that would normally be allowed to a public utility under the existing criteria that are used. That is why we took the view that the law should be amended to ensure that notional expenses, such as deferred taxes and investment tax credit, should not be considered in the determination of the rate structure of any public utility in Barbados.

We have also heard the Hon. Deputy Prime Minister talk about peak demand.

Sir, last week I made the Annual Report of the Barbados Light and Power Company Limited for 1981 a document of this House. This shows that as of December 1981 the company had an installed capacity of some 94 100 Kw. The peak demand never exceeded 69 730 Kw, and the load factor, percentage wise, was only 17.6 per cent.

So, quite clearly, on the basis of existing plant in relation to demand, if we are to believe the contents of this statement, then it should be considerably different from what the Hon. Member has been saying.

I have no doubt that the Barbados Light and Power Company Limited would be under obligation, under the Companies Act of Barbados, being a public company, to make available to its shareholders accurate and true statements. And there can be no doubt that from the statements contained herein the argument of the Hon. Deputy Prime Minister must be quite erroneous.

Sir, the Hon. Member sought to make a great deal of capital of the fact that natural gas was removed by the Democratic Labour Party from under the surveillance of the Public Utilities Board. What he did not go on to say is that the cost of natural gas came under the Price Control Division within the appropriate Ministry, so that the impact in terms of protecting the consumer was roughly the same.

Nonetheless, Sir, I wish to say this — that in his earlier argument in which he sought to discredit the suggestion that transport, water, bottled gas, natural gas and so on could come under the Public Utilities Board, he sought to discredit that by saying that the prices of these utilities would automatically go up.

Now, Sir, we have heard many arguments in relation to transport, and I think that most of us in this Honourable Chamber would have come to the conclusion that one of the major reasons why there have had to be repeated increases in bus fares over the years was due to bad policy decisions and bad management.

I recall in September last year that the Rt. Hon. Prime Minister at least had the grace to get up in this House and point to what he perceived as three bad policy decisions by the Government. He, himself, said so. We have heard the Minister responsible for Transport castigate the management systems within the Transport Board. So it does not follow that you would automatically get an increase in bus fares because a matter comes under the Public Utilities Board.

The Public Utilities Board may have been in a position to make sure that the capital used in the Transport Board would be put to better use than it is presently being put, Sir. In other words, improvement in management, accounting and so on within the system might probably lead to cheaper bus fares.

Sir, we have heard a long argument about the impact of inflation and the impact of other factors on the fixing of prices in relation to public utilities. We are not unfamiliar with those arguments; but we say this — that something must be wrong.

Any time you reach the stage where any public utilities produces a product that the people in the country cannot afford to buy, and which is destructive to the entire economy of that country at the price at which they wish to sell it, something has got to be wrong.

And where you have a situation where the cost of electricity is such that domestic consumers cannot afford it, and where it is causing havoc in the productive sectors of the economy, then you have to look again at the basic assumptions you have made, World Bank or no World Bank, because what we are saying is this, that if you stick to a particular position that you will produce a commodity that nobody can afford to buy, you are prepared to further wreck the economy of Barbados going down that line.

Sir, there is one other point I would like to make. We never said that there was any defect in the law which prevented the Public Utilities Board from having a continuing surveillance of the activities of those public utilities that come under its control. Quite the contrary, Sir.

We called upon the Government to ensure that the Public Utilities Board had the resources available to it to allow them to implement and carry out what is provided for within the law, to make sure that in the interim period between public utility hearings that they are in a position to monitor what is going on in those utilities from time to time.

Sir, that is what I meant by a certain type of intellectuality which was introduced into this debate. We are familiar with that style, but it is usually done with a greater degree of delicacy. It is unusual to see it being done in such a blatant and bold-faced manner.

Sir, I think that the various views have been ventilated. I think that Government once again should review that agreement with the World Bank, particularly in view of the fact that the World Bank put up only a very small sum, and really only provided that umbrella of confidence which would allow the Barbados Light and Power to make use of other sources of loans; for example, along the lines of credit where they can obtain suppliers' credit, where they can obtain loans from various bank consortia.

I think a small amount would be provided by the Caribbean Development Bank. I think the Royal Bank of Canada is one of the banks that would be involved in providing such money. Of course, the people who would be killed, slaughtered under that agreement would be the taxpayers of Barbados and the consumers that would have to put up the \$96 million under that particular agreement. I think there is room, Sir, for a review of that.  
3.30 p.m.

I would also like to say that there is part of that agreement that provides for what is more commonly referred to, and more delicately referred to, as a tariff study, and that is what the Hon. Deputy Prime Minister was referring to when he talked about a sectoral study.

In other words, the only useful thing that would come out of that \$12 million loan from the World Bank would be a tariff study that would be done. The other aspects, Sir, of that agreement would commit the people of Barbados and commit this country to a situation that is absolutely intolerable.

In those circumstances, Sir, since there seems to be a general agreement on both sides of the House on the need to do something decisive in relation to the rates charged for electricity in Barbados — because on that side they agree that there is a need for discriminatory rates, and a need to review the tariff structure in Barbados — so there is enough general agreement and general support given for this Resolution by the other side — I would find it difficult to see how they can vote against the Resolution.

Thank you very much.

*The question that the Resolution do now pass was put and resolved in the negative, the House dividing as follows:—*

*Noes:* Rt. Hon. J. M. G. M. ADAMS; Hon. L. S. CRAIG; Hon. L. B. BRATHWAITE; Hon. Miss B. A. MILLER; Hon. D. O. BRADSHAW; Hon. Dr. R. L. CHELTENHAM; Hon. Dr. D. G. BLACKMAN; Hon. V. JOHNSON; Mr. R. E. BRATHWAITE; Mr. A. TRUSS; Mr. L. L. SISNETT and Mr. J. G. ODLE — 12.

*Ayes:* Rt. Hon. E. W. BARROW; Mr. B. M. TAITT; Mr. H. A. BLACKMAN; Dr. R. C. HAYNES; Mr. M. A. KING and Mr. L. A. WEEKES — 6.

Hon. L. S. CRAIG: Mr. Speaker, before we proceed with Government Business, I would like to indicate to you that I have a supplementary Notice Paper which came down a bit late, and I am seeking the pleasure of the House to revert to the items "Government Notices" and "First Readings of Bills". I would be grateful, if it is the pleasure of the House, that I be allowed to proceed with this.

Mr. SPEAKER: I take it there is no objection. If there is no objection, the Hon. Minister may proceed.

#### GOVERNMENT NOTICES

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

A Bill to amend the Petroleum Winning Operations Taxation Act.

A Bill to make provision for the granting of tax and duty incentives to certain shipping companies.

#### BILLS READ A FIRST TIME

*On motion of Hon. L. S. CRAIG, seconded by Hon. L. B. BRATHWAITE a Bill to amend the Petroleum Winning Operations Taxation Act was read a first time.*

*On motion of Hon. L. S. CRAIG, seconded by Hon. L. B. BRATHWAITE, a Bill to make provision for the granting of tax and duty incentives to certain shipping companies, was read a first time.*

#### GOVERNMENT BUSINESS

Mr. SPEAKER: When the suspension was taken, the Rt. Hon. Prime Minister was addressing the Chair. He may continue, if he so desires, on the Bill to amend the Barbados National Bank Act.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, when the adjournment was taken, I was addressing the House on the general financial integrity of the bank and I think that all of us can agree that, in terms of integrity, the bank cannot be faulted.  
3.40 p.m.

However, Sir, there are areas where the bank's operating conditions may have shown a few errors in judgement, as is the case in all banks. We have not yet had the terrifying record of bad loans at the Barbados National Bank that closed down the Bank of America and the First National Bank of Chicago. But we have had a substantial number of bad loans which have come to roost recently, both in the commercial section and in the agriculture section.

Language is a funny thing you know, Mr. Speaker. I am speaking of these things as bad loans. As far as the general public is concerned they are very good loans, because it means that some members of the general public have been able to get money without paying it back.

But as bankers, unfortunately, the Barbados National Bank cannot congratulate itself on that, because its bad loans, ultimately, show up as a shortage of money to lend to people, among whom are going to be very many good clients.

The general situation for bad loans, unfortunately, in 1981, meant that their total went to over \$2 million and this leads me into the question of agriculture and the work that the bank has been doing for, in particular, the sugar industry, and the rest of agriculture in the island.

The sugar industry, Sir, is not an industry which is selling something on a day-to-day basis and which

keeps an overdraft to cover its stock, and which can expect a continual cash flow. Above all industries in Barbados, the sugar industry operates on a time lag and has a period some months before expenditures are transformed into receipts.

If you get a low sugar price, as you have had for the last two years, at the same time as high interest rates, it means that the sugar plantations in the island have to carry interest on the cultivation loans, which they begin to take up about this time of the year. They have to borrow money, admittedly at concessional rates of interest under the provisions which have been inherited from the Sugar Industry Agricultural Bank, but they have to carry those loans, in some cases, for almost a year before anything is realised on it.

Later, in October, some plantations will have planting expenses. They will have further loans to meet these expenses — they have already had to pay for fertiliser — and then the big expense comes in January and February when the sugar industry requires many millions of dollars to pay the wages required to harvest the crop.

So when we read in the Press of the many millions that the Barbados National Bank requires to advance to the sugar industry — this is not in the disgusting words of someone who should know better, "A musty alliance with the white people" — this is something that has been going on for many years, Sir; I mean, all of this century.

Indeed, prior to this century, although it was not then banks that advanced it — it was English sugar brokers who advanced money at the beginning of the crop against the prospects of the crop — it has always been going on, but it used to be done mainly by the commercial banks.

The Barbados National Bank therefore carries a very heavy stake in the sugar industry, and the greatest proportion of its loans do go to agriculture and for agricultural purposes.

When, therefore, you get a situation as at present where out of the 110 sugar estates in Barbados 68 are unable to repay their debts — and not all 68 are bankrupt, a good number of them are, or would be theoretically, bankrupt if one sought to recover the debts by selling the property; but they are not all in that situation — the Barbados National Bank will naturally be carried down and may suffer losses in the right-offs of certain of those debts that the other banks no longer have to carry.

In fact, in 1981, the loan position of the Barbados National Bank was that out of advances of \$208 million,

in round figures, that is up by \$67 million in the previous year, no less than \$76 million was advanced to the sugar industry. I am speaking of the entire bank, I am not speaking of just the commercial side.

Loans to the agricultural sector are far and away the largest loans, \$76 million, not all to the sugar industry. The next largest number is \$42 million, housing mortgage loans made by Barbados Mortgage Finance Corporation. And then, between \$39 million and \$38 million overdraft and demand loans each.

So, it would be seen that the bank is unlikely to move into a profit position while sugar is depressed unless you isolate sugar accounting, particularly sugar accounting, from other accounts in the bank.

The increase in the loans to agriculture, at the end of 1981, Sir, was an amount of \$33 million, going from \$43 million to \$76 million. Some of this was settled early in 1982, because our 1981 sugar crop was not all sold in 1981, and a good deal of that was reduced almost immediately at the end of the financial year. So the figure of \$76 million was somewhat exaggerated, since, within a few weeks, receipts, I believe in excess of \$20 million, would have reduced it.

Nonetheless, that is the scale of the problem both in the sugar industry and of the Barbados National Bank. And, this is one of the reasons why the Bill now before the Honourable House contains such extensive provisions for securing the lien of the Barbados National Bank over sugar estates, once it has lent us money.

The Sugar Industry Agricultural Bank used to have a very complete lien over the estate and all its works. It had a lien over crops growing in the ground, over crops cut and left on the ground, over canes cut and taken to the factory. It has a lien over the factory equipment — everything, in priority to all other debts.

We tried to go for a number of years, between three and four years to be precise, without the whole weight of protection which the Sugar Industry Agricultural Bank enjoyed.

After many discussions, which have been going on over the last six weeks, we have come to the conclusion that the interest of the people of Barbados demand that our bank has the most total security possible over the sugar industry in the island. There is to be no possibility, as far as we are concerned, of another bank or another institution gaining priority.

If the Government is to pay to make loans available to the sugar industry on concessional terms, both to maintain the employment of the 4 000 registered sugar

workers and to maintain foreign exchange earnings, the bank must have the fullest possible protection for its advances.

The urgency of the Bill now before the Honourable House, sir, arises from this self same factor. I announced two weeks ago that the Government was going to make a loan available to Barbados Sugar Factories Limited to support the price of sugar during the last season. This loan, Sir, is going to be repayable or convertible into a grant once certain conditions are met.

3.50 p.m.

In the first instance, of course, Sir, very few sugar estates will actually get their hands on any of the money, because the money will be used by Barbados Sugar Factories, as a first call, when the Bill is passed, to settle outstanding debts of the sugar estates at the BNB. That is the first place where the money is going to go. It will be, I suppose, about \$20 million. The Minister of Agriculture may have more up-to-date information on the whole sum needed, but it is of that order.

The small farmers who have one thing in common with the very richest farmers, they are self-financing, and very fortunate for them too, because they don't have accounts at the BNB — they do their own operations out of cash — will get cash from Barbados Sugar Factories as will the self-financing estates.

We are providing, Sir, a formula by which, if the estates, which receive this in the first instance as a loan, are within two years able to substantially increase their sugar production, the loan will be convertible into a grant. If they maintain it, or if they let it fall, not only will it not be convertible, but the rates of interest will increase.

The formula which will be published in the industry very shortly, will be geared, both in terms of interest and repayment, to the concept of increased production.

To put it crudely, Sir, except that the Government has had to provide the money, it will resemble the Employment Levy in its operations. We took money from employers, generally, and gave it back to them if they increased employment.

On this occasion, we know that there is no more to take from the industry. It was taken in 1975; it was taken in 1980. We will advance the money, and if they increase production, which, incidentally, will mean more prosperity for the sugar workers and for all of us, because the entire sugar industry is on a piece work and bonus basis, they will be allowed to keep the money, as a grant, in recognition of the increased production.

The Barbados National Bank is an essential component in all of this, because we anticipate that the funds which are being raised will go back to the Barbados National Bank in sufficient quantity to enable it to make cultivation loans and to make planting loans later on in this year; and to keep it sufficiently liquid to make the first of the harvest loans for next season.

In addition, there may be some accommodation from the Central Bank. Some has been negotiated to cover any possible short-fall that there may be by way of sugar sales or the advance to the industry.

I have digressed a little bit, Sir, to show how closely the two operations are locked into each other — the bank and the sugar industry. The bank's agricultural division is probably, in terms of its overall economic importance, the most important division of the bank, in terms of its overall weight with economic development of the island. If there are reorganizations at the agricultural division, they will be carried out in the light of the importance which the country has to give to its export agriculture as a means of earning foreign exchange.

Now, Sir, I anticipate, when these loans are repaid, that the write off position will look much better. The bad debt position will also look much better, and, already in 1982, there are signs that the bank is doing a great deal better than it did in 1981.

It has adjusted to the increases in deposit interest rates, which I had to decree last year. The figures will eventually show that the bank has had to pay a great deal more to its depositors in 1981 than it had to in the past.

The reasons for these and for the high proportion of the savings accounts in the bank, of course, lies in the bank's history. It is the successor of the Barbados Government Savings Bank and therefore it carries a very large number of expensive savings accounts.

It provides a public service for many very small savers and many small cooperatives and small organisations, and it now has to pay the same rate of interest as anybody else has to pay — unlike in the old days, when it paid lower rates of interest, and some persons were compelled to deposit in it by law, for reasons which appeared in one or another statute.

The bank has to carry this weight. It does not have a great number of current accounts, unlike the commercial banks. Indeed, it does not even carry the current accounts of some Government organizations with large sums of money which they have deposited in other banks. I discovered one Government department that had over \$1.5 million on current account, earning no interest, in a commercial bank in Broad Street. This is, perhaps, a bad

case, but there are other Government departments which do not maintain current accounts at BNB.

I think this is a practice we may have to look at in the re-organization of the bank. I am told that there are some accounts that the bank would not want, and I am not going to mention which Statutory Corporations or Government Departments are on those accounts. (*Asides*) I don't think the bank will refuse the BMC account. I heard an Hon. Member suggest that.

At one time, when the BMC's bank wrote a very insulting letter to the then Minister of Agriculture about the conditions under which it would advance an overdraft — it was a letter similar in tone to letters that it was accustomed to writing to the Hon. Member for St. Michael West — I instructed that a letter be written to the bank manager saying that he did not really know who he was dealing with and enclosing a cheque for \$1 776 000 and some odd cents — I cannot remember it down to the odd cents — and that settled the BMC's overdraft. And we said, "Please close the account".

The next day the head office manager and manager were in my office and the head office manager was saying that he was the only Barbadian who was manager of a head office, and it would reflect very badly on our citizens if I closed down the biggest account that the bank had, and they begged me to let the BMC borrow some money from them again.

So the BMC may not be such a bad customer as one may think. I have no doubt that the BNB will be able to handle the BMC's account if it went there.

Anyway you don't put, Mr. Speaker, all the Government's accounts in the Government's bank if you wish to maintain a mixed banking sector. In the ordinary way, you are not going to say, — "we are not going to put out the foreign banks, but we are going to crucify them by doing this." You maintain a mix.

Whether this mix can be maintained in the light of the patent distortion of the BNB's accounts is a matter for the future. It may very well be that since a large number of commercial firms with big current accounts have not come forward to the BNB, that we may have to direct the Government's commercial operations towards the BNB in future. But this is speculation, Sir, which, although it is under consideration, is not a matter for decision at the moment.

The real decision that has to be taken relates to tightening up the administration of the BNB, putting the sugar industry back into a favourable position, so that it does not carry down the bank, and the country with it, and ensuring that the bank employs only such staff as

will, in all the circumstances, be suitable for its present operations.

4.00 p.m.

To take the Bill and the amendments, which have now been circulated, I would just touch on a number of sections. The Objects and Reasons I have dealt with those, except for the income tax. I do not intend to make the bank pay income tax. Its surpluses, when it makes them, are supposed to be paid into the Treasury in any event.

Clause 3 of the Bill seeks to introduce a new section into the principal Act, and the amendment which has been circulated also deals with this, and this will improve the security that the bank is intending to obtain for future advances to the sugar industry. Clause 3 also contains an amendment establishing the office of Managing Director.

Clause 4 removes the word "President" and substitutes "Managing Director" where it occurs. Clause 5 does the same for President, Vice President and so on, along with Clause 6 and Clause 7.

Clause 8 exempts the bank from the payment of income tax, Clause 9 changes "President" to "Chairman".

Clause 10 makes some alterations to the numbering of the Schedules relating to the forms to be used. There may, I think, be a few changes in that in the fullness of time.

The amendments now circulated make a few corrections and they delete a section or a clause of Section 31 which I think was put in error. It is only intended that the Registry of the Supreme Court keep a register of the agricultural loans. By an error, the Registry of the Supreme Court found itself committed to keeping a register of all mortgage loans advanced by the bank, which is not what was intended, and that is now being deleted so that the Registrar will not have that additional burden.

Sir, I have set out the purpose of the Bill and explained the operation. In moving that the Bill be read a second time, I would repeat the hope of the Honourable Leader of the House, the Hon. Member for St. James North, that occasion is not taken in this debate to try to destroy the Barbados National Bank.

Banks are fragile affairs, and while they may have difficulties, the difficulties of this kind have not been difficulties relating to honesty or difficulties relating to the financial integrity of individuals.

The bank's Board has been a little too generous and insufficiently restrained in its approach to profit making.

Perhaps, it is very hard to get out of people's minds the concept that where something belongs to the Government it does not really much matter if it makes profit or not, and even more it is hard to get out of people's minds that where you are employed in Government or a semi-Government capacity and you prove incompetent that you must not be fired.

This bank is not intended to be staffed by "asbestos persons," to paraphrase the imagery used on an earlier occasion by the Hon. Leader of the Opposition. In commercial organisations, if you cannot do your work, you should be allowed to find another job which you can do. Go with generosity, redundancy payment, whatever, but we cannot, when dealing with something that should be making money for the Government, and something that controls such a vital section as agriculture, have any idea that if a man cannot handle himself here that you can put him over there in the hope that he is going to handle himself.

People do get promoted to the level of their own incompetence, as was suggested by Professor Parkinson, and as is so well exemplified by the performance even of some people in the Honourable House of Assembly. A man may be a first class doctor, as Hitler was a first class politician, but make the man a shadow Minister of Finance, as you made Hitler a Commander-in-Chief, and incompetence instantly realised, Sir.

I will regret having to part company with the 30 or 40 officers of the bank who will be made redundant within the next few weeks, just as, indeed, I regretted having to part company with persons who have resigned from the bank. But this is a commercial organisation, and if we want to run a country that works, we have to make sure that we run a bank that works. If you cannot run the Barbados National Bank properly, you have little hope of running Barbados properly.

The Civil Service can afford a lot of padding that these organisations, removed from the Civil Service so as to get away from the padding, cannot afford, and I am sure that all Hon. Members will well understand the thinking behind the bank's re-organisation as is exemplified in this Bill and will shortly be further exemplified.

Mr. Speaker, I beg to move that this Bill be now read a second time. *(Applause)*

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

Dr. R. C. HAYNES: Mr. Speaker, I do not have to be reminded by anyone of the importance of dealing with this debate in very measured terms. I shall deal slowly, and be very careful, with each and every statement that I make.

Honourable Members on the other side would be aware that for some time I have been concerned with the level of efficiency at the Barbados National Bank and took parliamentary steps to bring this to the notice of the Government.

With the giving of notice of this particular Bill, I prefer not to go along that line, but, preferably, to take the opportunity to make my contribution in the context of this particular Bill.

I regard this debate as being, perhaps, the third most important debate to have taken place in this Parliament this year.

4.10 p.m.

The situation at the Barbados National Bank today is one where the Bank is headed for disaster unless urgent and decisive corrective action is taken at policy level. I make that statement, Sir, whilst, at the same time, reassuring all depositors in the Barbados National Bank to clearly understand that their deposits are secured by the Consolidated Fund of this country and there is no need for any run on the bank, and also because I am satisfied that there is sufficient leeway that if the Government listens to the position taken by this Opposition today, that appropriate corrective action could be taken.

Today, Sir, the Barbados National Bank should be in a position, particularly with the widespread between deposits and lending rates current in Barbados, to be forcing the commercial banking sector in Barbados to follow the policies as set down by the Central Bank in relation to various productive sectors of the economy. Nevertheless, we are in a tragic and unfortunate position where the Barbados National Bank is paralysed and cannot take that initiative; and is crippled by the sugar industry, which should never have been handled by that bank.

Sir, I believe that all of the staff of the Barbados National Bank should be congratulated for the sterling efforts which they have made over the years in minimising the losses that were inevitable as a consequence of the policy decisions taken by the Government in structuring the bank.

I am not joining in any situation in reflecting on those who have contributed in very, very difficult circumstances, because what the Minister of Finance has said in this Honourable House today points to basic structural weaknesses within the Barbados National Bank, and those weaknesses at an overall level, stem from policy errors.

Now, Sir, what were those policy errors? The Manifesto of the Barbados Labour Party, 1976, states, beyond any doubt, that it was the intention of the Government to amalgamate the Barbados Development Bank, the Government Savings Bank, the Sugar Industry

Agricultural Bank, the Agricultural Credit Bank and the National Housing Corporation facilities and bring them all under one umbrella; the Central Bank as well. And the reason given for this, Sir, — listen to this — is that the savings effected will be at the expense of the top-heavy management structures of existing institutions and not at the expense of present staff. That was the reason given in 1976.

We have heard today — even, although fortunately, the Central Bank and the Barbados Development Bank were not included within that structure as envisaged by people who clearly do not understand banking — that, in terms of overheads, over the past years — and I believe that that is principally salaries and wages, because pensions really do not add up to that much at this stage, within a bank that is only four years old. I think pensions running at \$½ million or thereabouts have gone up from 1979 from \$4.3 million to over \$10 million without two other institutions, one of which the Hon. Member adverted to today as one that has had a fairly significant expansion in respect of staffing. So this is the origin of the problems in the Government's financial institutions today.

Fortunately, Sir, the folly of promising to make the Central Bank, which performs the supervisory role in Barbados, a part of the National Bank was realised at an early stage, and that was not proceeded with.

If anything, Sir, I would urge, from the Floor of this House, greater independence for the Central Bank and also, Sir, urge Government to recognise that it is due to the way the bank was set up, due to the fact that it was given top level professional guidance in the area of central banking right from the very beginning, that the bank has been able to manage its affairs with a reasonable degree of competence.

We may argue about the policies pursued by the Central Bank, but when you look at the Central Bank statements you cannot particularly quarrel as to whether or not their profit and loss account appears to be reasonable.

Now, Sir, I say with one exception — when the Hon. Member for St. Thomas intervenes in anything — look out, there is disaster.

If you were to look at last year's Annual Report of the Central Bank of Barbados — which I am trying to find, but I cannot put my hand on it at the moment — you will see a very remarkable thing happening for the first time; that the net profit of the bank, before appropriation, would probably have been in the region of about \$15 million to \$16 million instead of \$10 million, but for the first time the bank has had a tremendous increase in its interest expenses, largely due of

course to the heavy external borrowings which the bank had to resort to consequential on a mindless capital programme and printing of money in this country. I think there was a jump of some \$7 million or thereabouts in interest expenses in the Central Bank last year.

I said I was going to speak in very measured terms. The Barbados Development Bank has been spared that agony, largely because there was enough political power within the Barbados Labour Party to stop the Barbados Development Bank from being absorbed within the framework of the Barbados National Bank.

And whereas I have been critical of certain loan decisions within that bank, where I have been critical — and I think the situation will bear me out — of the heavy lending in one sector, namely, the tourist and related sectors in Barbados, nevertheless it can be said, and said with some degree of fairness, that the accounting procedures followed by the bank have always been satisfactory since its inception under the Democratic Labour Party.

So whereas, on the one hand, if you were going to be critical of the policy makers at the Barbados Development Bank in respect of an individual loan or the general pattern of your loans, you have to be fair and say that they took the right decision in forcing the Minister of Finance to leave the Barbados Development Bank where it was.

The reason is this, Sir. Central banking is different from commercial banking; development banking is different from commercial banking; and it is the Government that fails to understand that the banking portfolio might involve several sub-specialist skills, and to so structure the bank in order that you can recruit personnel with the appropriate sub-specialist skills in order to maximise the efficiency of the bank.  
4.20 p.m.

Sir, I have argued, again and again, that it was a serious error to close down the Agricultural Credit Bank. I have got support from this side and I have got support from the Hon. Member for St. Andrew when he is speaking in St. Andrew. And if he has androgen-secreting organs, I would expect him to get up in this Honourable House and support the same position that he took down in a small area down in St. Andrew.

Sir, the performance of the officers responsible for collecting outstanding debts from those people who had their assets and liabilities assigned to the Crown as a consequence of that decision, is perhaps, the only viable, financial section of agriculture today. I believe I heard the Hon. Minister of Agriculture talking about the \$3 million that he would be glad to get his hands on now.

It could have been more than that, Sir, if that decision were not taken. The reason is simple, Sir. You cannot transfer a portfolio in agriculture, dealing with small farm holdings, to a bank that has a commercial section, a trust section, a bank that has just been set up, unless you put people inside there to deal with the particular problems facing small farmers.

We further argued, Sir, at that time, when the Barbados National Bank Act was brought to this Honourable House, that it was a serious error to put the portfolio of sugar that was handled by the Sugar Industry Agricultural Bank under the aegis of the Barbados National Bank.

The Hon. Member has said today, for example, that when the Sugar Industry Agricultural Bank was in existence there was adequate security for all loans, and now he admits that 68 per cent of sugar farm units in this country.....(Rt. Hon. J. M. G. M. ADAMS: 68 estates.) .....68 units, I am sorry — 68 units cannot repay the bank this year, and that a substantial proportion of them are, to all intents and purposes, bankrupt.

I would say this, Sir. The Government has to realise — and as soon as they realise it the better — that about 30 per cent of all farms in Barbados, which are now producing sugar, are irretrievably bankrupt — no matter what you do. You can prop them up this year or next year, but if it is not a viable proposition, you are going to be in the same position in three or four years' time. There is adequate documentation on that fact.

When you look at the level of price support, Sir, that you would need to provide for those farms, even if you write off their existing debts now to make them viable, you would probably have to give them a price support price of \$110 per ton. Almost \$110 per ton, even if you write off their debts and you start a price support policy now to bail out those farms that are irretrievably bankrupt.

And as I suspected — I have said it before — the \$20 million that you seek to raise now is just a drop in the ocean. When that passes through the Barbados National Bank in the manner which the Hon. Member has outlined today, you will fall back on the necessity for the Central Bank to make further accommodations, or further printing of money, this year in respect of agriculture, because you do not have the foreign exchange position to support that.

Any Central Bank accommodation of agriculture this year will result in the introduction of further new money into the system which will see the disastrous effect in your foreign exchange position.

Whether you go to the IMF, First Credit Facility, Second Credit Facility, Second Credit Tranche, third or fourth — I do not know where you are going. That is not for me to speculate.

But I know you would not be able to draw down enough money, based on your quota, with the present economic situation, and that if you have to find significant financing from the Central Bank for agriculture it would be tantamount to further damage of your external position.

And that is a fact you have to face, because of all the options available to you for providing a domestic price support policy for agriculture, and in that way assisting the Barbados National Bank, in my view you have taken the wrong decision as far as price support is concerned. There are other mechanisms by which it could have been done.

So, you are going to find yourself subsidising, because you are not going to be able to raise any money in Barbados today at present interest rates. I think the average treasury bill rates are now probably about 14 per cent or 15 per cent, maybe 13 per cent, whatever it is.

When you borrow that money, almost inevitably it is going to involve some element of subsidy, or some element of loss, to the Barbados National Bank — unless the taxpayers are going to subsidise the difference between what you borrow it at and what you lend it at to the sugar industry.

So, you are either going to push the Barbados National Bank into further losses or you are going to call upon the community to pay the difference in taxation, and, on top of that, you are going to find yourself in a position where you will have to augment \$20 million by the process of money creation via the Central Bank of Barbados.

I, myself, feel, Sir, that when an industry reaches this stage, there is a need for a public commission of enquiry into the sugar industry, and, particularly, in many of the financing aspects of the sugar industry.

It is most unfortunate, Sir, that the only bank in Barbados today that has not produced an audited financial statement for the year 1981 is the Barbados National Bank; that in July of this year that Members could be standing in this Honourable House dealing with a matter, which might undermine the entire financial sector of this community, and you do not have a financial statement.

I am calling on the Minister of Finance to explain to this Honourable House why is it that whereas every other bank in Barbados, including the Barbados Development Bank and the Central Bank, would have produced audited financial statements, there has been no financial statement by the Barbados National Bank so far for last year. We are talking about 1981.

I know, Sir, as a matter of fact, it is common knowledge, that the Central Bank has made many adverse reports to the Minister of Finance about various aspects of the Barbados National Bank, and that the policy problems were drawn to his attention, again and again — it has nothing to do with staff — and, that if he had taken corrective action long ago to restructure, by policy decisions, the loan portfolio of the Barbados National Bank, he would not today have to come and say.....

In fact, what he has said really adds up to the fact that the bank is in a really serious position, because if \$76 million of your loan portfolio of \$208 million is tied up in sugar that is lost money, then the bank has got to be in a lot of trouble — there is no argument about that — from the figures that he, himself, has produced.

That bank, Sir, should be making a profit today. It should not be making a loss. And if he had taken the advice proffered to him, not only by members of this side, but many other distinguished people in the community and members of his Party, and expanded the savings division of the Savings Bank into a commercial bank and watch the situation and see how it develops, and if he had kept agriculture as it was, the bank would be in a position today probably, post-appropriation, to make a contribution to agriculture rather than the other way around — to make a contribution to agriculture where you call on the community to put \$20 million to help salvage the bank in the hope of salvaging sugar in this country.

4.30 p.m.

These serious policy errors, Sir, have nothing to do with staff. It does not matter who was Chairman; it does not matter who was Managing Director; it does not matter who was in charge of personnel, or who was in charge of any position within the Barbados National Bank. The same thing would have happened so long as the bank had been set up under the present policies and the present loan portfolio allocation.

Sir, I am a little constrained, because of recent events, to speak in any detail about the Board, and Hon. Members will no doubt appreciate what I am saying. But I will say this. One of the weaknesses of that Bank is the failure of the Government to understand that there are different types of Boards that run different banks.

You may have a Board without any banking or accounting skills on it that may represent a particular interest. But that Board is strictly concerned with policy.

If the Board is going to be concerned with banking, then it is most important that you have people on that Board with banking experience, and I am talking about banking as a profession.

You cannot have a situation, Sir, where a Board is required to take decisions in respect of loans and there is no one on that Board with the training or experience which will give him the capacity to properly analyse and dissect a loan in order to come to a proper decision on the basis of banking.

If you were to look, Sir, at the systems used within the Barbados National Bank in respect of loan approvals over the years, you would see that that function of final approval of loans was taken away from management and passed on to the Board. Therefore, when the Board took decisions in relation to loans..... or even your loan portfolio, because I am sure that if that bank was run by a Board with banking experience, they would have all resigned; and they would never have allowed the Minister of Finance to create the kind of havoc that has been created within the Barbados National Bank. I am absolutely sure about that.

I believe, Sir, that we need a new Board at the Barbados National Bank and I believe that we need a clear definition of the functions of that Board. You either have a Board that is strictly concerned with general policy, or if you are going to allocate decision making in respect of loans to the Board, then you have to have the kind of Board that Barclays Bank or any of the commercial banks will have — that is a Board that consists of bankers and people with that kind of background and experience.

I hope that I have got the point across. That is one of the major policy errors. It has nothing to do with personnel of the Board. The point is this — you establish a Board; you do not look and see what is the structure of the Board; and then you set up structures within the bank that calls upon the Board to perform functions for which they have never been trained and for which they are not equipped. That is bad, and that is the problem right at the top.

Sir, there is no bank in Barbados — there is no bank in Barbados — that does not have a training programme. A bank must have an in-service training programme if it is going to be effective. One was set up in the Barbados National Bank and it was abandoned. Now that is a matter of policy again, for which the Minister is responsible, and he is not going to be allowed to come in here today and try and pass off the responsibility on the people

who were at the operational level when, in point and fact, the major errors have been at the policy level.

He talks about overstaffing. It is a fact, Sir, that the head office in the Barbados National Bank contains more people than all the other head offices in Barbados. That is a fact, but that is not the problem. The problem is, Sir, that as a matter of policy, which should have been identified by the Minister of Finance, the people in the head office had not been recruited to perform certain functions — and I am sure that that recruitment policy must have been approved by the Minister of Finance, and I will tell you why. Either that, or he was not reading the statements.

Every year since that bank has been in existence, Sir, the bank has made a loss, and if you look at its overall accounts, you will see that under "Salaries, Wages and Allowances" there has been a persistent increase from year to year.

So to come in here today, Sir, and talk about you are spending \$10 million under this Head, I think is quite unfair. Because if he, as Minister of Finance or anyone picked up this statement — this is not the first time I noticed this, Sir — I noticed this since 1979 — when you go through this statement the first thing you see is that in the face of a loss, there is an increase in cost in that particular area.

Far from criticising any member of the bank, that is a policy area that he should have spotted. He should no longer be Minister of Finance because that is a serious matter. And the Barbados National Bank, if it goes under, as he himself says, can wreak havoc in this country.

It is foolishness to come here and talk about this situation developing now — \$2 million in 1979; in 1980, \$3.7 million. If you go back to the older statement, Sir, you will see that it is \$1 million and something in the first year, and the graft has been escalating, year after year, in the face of losses.

And now, four years later, with the bank in the state of chaos down there, he comes in here talking about staff this and staff that. It is policy errors on the part of Government and, particularly, by the Minister of Finance that is responsible for that situation down there.

Can you imagine a case, Sir, in a bank where you don't have a financial statement? I insist, Sir, that any bank that I do business with send me a copy of their financial statement, or at least a statement of the consolidated accounts of the bank itself on an international basis, so that I can have some idea at

the beginning of the year whether I can continue doing business with that bank. But imagine — no financial statement!

I will tell you the reason for it, Sir. The reason is that the auditors are not prepared to give an unqualified statement. That is the problem. It is not because anyone is stealing — I am not saying anybody was stealing — but because the accounting system, which, again, is an instrument of policy has been so bad over the years, Sir, that it makes it very difficult for the auditors, when they go in there, to give an unqualified statement.

Sir, these consolidated statements of a bank, they conceal far more than they reveal. They are all designed like that. It is not only the Barbados National Bank, but all consolidated statements of banks. So that you have to know what is going on.

But even in this case, Sir, and this is alarming — it would be very difficult to look at the consolidated statements of most banks and recognise that they are in trouble — when you can look at the consolidated statement of the Barbados National Bank and recognise that they are in deep trouble, then you realise that you have a very serious problem on your hand.

I do not need to repeat the whole area of the annual losses. He, himself, has adverted to the increases of operational expenses and he has adverted to the sugar losses.

4.40 p.m.

Now, Sir, I think a substantial amount of those sugar losses will have to be written off in due course, for the reasons that I have already stated. I think that the Government has to take a harsh decision as to whether they should leave the agricultural portfolio within the framework of the Barbados National Bank or whether they should not separate it.

I say it for this reason. Jamaica had to take a harsh decision in that area. When the National Bank was set up in Jamaica, they chalked up a loss in the first year, but there was an urgent review at policy level, and this year they are expected to make a profit of some \$20 million.

The Trinidad National Bank has made a profit every year. Even Grenada and St. Lucia, those two countries' National Banks have made a small profit this year, and I think that St. Kitts is now re-organising its agricultural loan portfolio in such a way as to shed some of the loans off their bank. (Hon. L. S. CRAIG: Did they have Bank of America bad debts too?) Then

you should not have taken over Bank of America. Examine the portfolio. You were very foolish to take over a commercial bank that had a whole lot of bad debts.

These losses, Sir, must be considered to be largely due to the mistaken policies pursued by the Government and pursued by the Minister of Finance.

Now, Sir, if you were to look at this statement — you see, the Hon. Minister of Finance can confuse those who do not read these things — if you were to look at the Annual Report and Accounts 1980, Barbados National Bank, which is already a document of the House, I would just like to draw attention to the Government of Barbados debentures, which in 1980 were \$27 million.

I presume that some must have been taken over from the Barbados Savings Bank, but the point I am trying to make is that the average earnings from those debentures would be less than what the bank is paying on its savings deposits. The point is, Sir, that for that \$27 million in 1980, and the year before, the bank was even called upon to subsidise the Government of Barbados. How can it make a profit?

Quite frankly, I would think that if you really wanted to rescue the bank — I guess the Central Bank could always take it up, take up many more — why not take out that \$27 million in debentures? It would certainly considerably increase the liquidity of the bank over night.

Have a look at the debenture portfolio, because I believe you are probably paying 4½, maybe 3½ per cent, 5 per cent on a lot of that debenture portfolio that is within the assets of the Barbados National Bank.

He did not say anything about that, he talked about sugar, but there are other areas where the bank is being called upon to perform a function that it should not be called upon to perform to that extent in the very early years of its existence in this country. The trouble is, who is going to buy the debentures from a Government which, itself, is looking pretty shaky?

The lock up at the Barbados National Bank must be well in excess of \$40 million, I would imagine, because I doubt there are as many people who can repay the people for the money advanced this year for the crop. It would not surprise me if it is not up in the \$40 million range.

Sir, can you imagine a situation where a bank could have, in 1980, a loan portfolio of \$130 million and end up with a loss — at today's interest rates? And now that the Minister of Finance has told us in this House that the

total loan portfolio is \$208 million, it ended up with a loss, where, at the same time, you are saying that there is no dishonesty within the bank.

As far as I know, that statement is true. You are saying that you are not basically challenging the banking procedures followed within the bank. Then the fault must lie elsewhere, and I think I am right in my perception of where the fault lies, that is in policy decisions in relation to the Central Bank.

As far as bad loans are concerned, I have heard the Hon. Prime Minister talking of bad loans of \$3 million, but I believe I am correct in saying that at least \$15 million in potential bad loans has been identified in respect of the Barbados National Bank by another institution, and brought to your attention.

I might be wrong, because you know perfectly well, Sir, that in these statements you will see a provision for a bad loan this year, and you see it as a loan this year, but next year what is a loan will become a provisional for bad loans in next year's accounts, if you see what I mean. So you have to take the accounts as they flow from year to year in order to understand what is happening within the particular institution.

I will give you an example of bad policy decisions by the Government. The Rt. Hon. Prime Minister, who should be the former Minister of Finance, if the Barbados Labour Party really wants to rescue itself, averted to the situation at the airport.

Mr. Speaker, let me tell you something. There are very few airport branches of any bank in the world that ever make a profit. Most banks that have airport branches regard them as a matter of promotion. They may lose a million pounds at London Airport in order to promote the bank. That is why they establish those banks there.

There are few airport banks that might make an occasional dollar, but they are usually banks that exist in airports where there is a wide range of people coming in from different backgrounds, and who have a wide range of foreign currency available to them.

Here in Barbados, we are largely restricted to the pound, we are largely restricted to the dollar and the Canadian dollar, so there is very little margin of profitability in those transactions. But if you were going to get some Yugoslav currency and some Arab currency, and so on, where you can soak the fellows in the exchange rates, as happens in those banks, then you tend to make a profit.

Airport banks do not make a profit for the simple reason that when you take the volume of business, and the amount of staff required to provide proper accounting

and to provide the kind of shift arrangements required in that bank, you may find you are spending three times as much on an airport branch as you would spend on another branch. None of these things were taken into consideration.

And what we are doing in this Bill, where they are now coming and saying they are going to appoint a Managing Director who is experienced in finance, they are going down the same road again — they are making the same mistake again. You want a Managing Director who is experience in banking, full stop. He cannot be only "experience in banking."

If I were to go any further I would say that you need a Managing Director who has experience in National development banks of this kind, and probably in Third World countries, and who has managed successfully.

That is the kind of man you should be looking for now, over the next five years, in order to get that bank going in the same way as you managed to get the Central Bank going — by making that kind of expertise, which was available right from the very beginning, available to it.

You are talking about the airport branch! And to compound it all. I rather suspect that they are doing ordinary banking in the airport branch now, and I think that it total folly if that is being done.  
4.50 p.m.

Now, take the Speightstown Branch which the Rt. Hon. Prime Minister says is losing money. It is bound to lose money. If you look at the way in which that investment was set up, where the bank financed the overall project and then sublet from the owners, you only take that kind of decision after you have done a market survey to make sure that the area can justify the size of operation that you are going to put there.

I will tell you what is your best bet in Speightstown now: either to scale it down, sell the lease and get out, or buy out one or two of your other banking operations in Speightstown. They are the three alternatives.

But if you leave it as it is, and you are waiting for the Heywoods Development and spin-offs from that, then you will continue to lose money in Speightstown for years to come — and the bank cannot afford it. Another major policy error.

I heard on the radio recently that the bank was going into Cave Hill. (*Aside*). Two branches in Cave Hill — unbelievable, Sir. Sir, it is well known in banking circles that branches at University Campuses do not make money, but they can lose a lot of money.

The reason why these branches are up there is to get people in the habit of dealing with the bank, with the hope that in due course, when they move into more lucrative employment, they will continue to bank with that particular bank. Can we afford the luxury of that kind of advertising in the context of the Barbados National Bank?

I can be a lot more severe, very much more severe, but there are several areas I am not even going to deal with.

I will draw to his attention the need to look at the policy decision in relation to establishing a University branch, because even if you get the University's account — because it is one big account — they will try to beat you down in such a way, as a branch manager, that you will hardly be able to make any major profit out of it.

In the context of Barbados, the actual university is only about a mile or two from the headquarters of the bank. I can think of no greater folly in this situation.

The Minister of Finance would have to have approved it; make no mistake about it. You would have to have approved the establishment of these branches, or, in the alternate, the Board that you would have appointed would have had to take that decision — one way or the other — so you are ultimately responsible. You cannot escape responsibility in the matter.

I suspect that you should look very clearly at the equity position of that bank, because my suspicion is that it is going to be persistently eroded, and, listen, you are going to have to tell this Honourable House why you have not produced a financial statement for last year. (*Asides*) When you get it back from me! You do not seem to understand. Mr. Speaker.....

Mr. SPEAKER: I know you are addressing the Chair.

Dr. R. C. HAYNES: Mr. Speaker, there are many people who seem to think that you have to get information from inside in order to appreciate what is going on.

The point I am trying to make, and I have tried to summarise these accounts, is that by looking at these accounts, you can see the impact of sugar on the Barbados National Bank long before the major failure this year. You can see it here. There is no question about it.

Now, Sir, you take the liquidity position of the Barbados National Bank. (*Asides*)

Mr. SPEAKER: Let us have some order.

Dr. R. C. HAYNES: Mr. Speaker, I agree with the Hon. Minister of Finance that the liquidity position of the bank is very vital, not only to its profitability, but to its continuing success.

I feel, as a Barbadian, that we should all be committed to making sure that the bank works. But if you look very carefully at what compromised the liquidity of the bank, it is bad loans — not only in sugar, but also in the commercial sector.

I am not going to call names. I do not think it is in the best interest of anybody to call any names, but there have been several bad loans in that area, loans turned down elsewhere, and I do not want to embarrass anybody.

I have already pointed to the necessity to deal with the question of low yield Government debentures, because when you take a situation where you have \$76 million of loans on the one hand, which would be taken out really, because there is no turnover in that \$76 million, and then, on the other hand, on your assets side, you have \$27 million in Government debentures — and I speak of the 1980 position which is probably about the same I suppose — and those debentures are yielding less than you are paying on your savings — you realise that the bank is trapped in two ways by decisions taken by the Minister of Finance.

Another area that concerns me is the relatively poor promotion. I am surprised that the commercial portfolio has been as low as \$48 million or thereabouts. I do not have this year's statement obviously, but I gather from the internal investigation that has been done, and the separation of the accounts, and from what the Rt. Hon. Prime Minister has said today, that it is somewhere in the region of \$38 million to \$48 million. *(Asides)*

Various savings schemes that one can think about, like those you see promoted in Trinidad by the Trinidad National Bank, you do not see here in Barbados. But, however, Sir, I will not deal with the political factors on this occasion. There are plenty; plenty political factors relating to loans from the Barbados National Bank. I will not bother to deal with those today.

Sir, how could any Minister of Finance see in year one the profit spread that you make between interest income and your interest expenditure completely eroded by your overheads? You see that in the second year; you see that in the third year; then you come here in the fourth year and say that something mysterious has happened.

I would say that either the honourable Member does not understand banking as his 1976 Manifesto would suggest, or if he understood banking and had some idea of banking, then he cannot read the balance sheet of a bank.

I think that is one of the problems that we have been having, because one of the areas that you look at very critically in a bank of this kind is the spread between your interest income and your interest expenses. And when you see that that can be wiped out almost overnight by the increases in your overheads, then you realise that there is something structurally wrong in the bank.

You do not have to go through the whole statement. You just look at key indicators within a statement like this and you can get some idea as to whether you have the right mix of loans or whether or not, the bank is heading for trouble.  
5.00 p.m.

Mr. Speaker, I have made a very measured contribution on this matter, because I am angry about it. I am angry about it because it need never have happened. But, nevertheless, in the interest of this nation, I have tried to deal with this matter strictly at the policy level.

It is a national institution, and, frankly, Sir, I believe they have reached the point where there should be a Select Committee of Parliament, a permanent Select Committee of Parliament, which will monitor the activities of all Government's financial institutions. That is my feeling.

I think it is in your own interest, the interest of any Government, to support a proposal for a permanent Select Committee of Parliament to monitor Government's financial institutions. I will tell you why.

We look at the tourist sector. We look at sugar. We look at manufacturing. But many people do not realise that a collapse in the Barbados National Bank would be as catastrophic to this economy as a collapse in any of those areas. Yes, Sir.

Many people do not realise that the mere fact of the existence of the Barbados National Bank means that there is less money available to other banks for on-lending. And if the Barbados National Bank becomes crippled, then the economy is crippled to that extent.

And if you look at the level, Sir, of deposits within the banking system, and you look at the proportion, Sir, of those deposits which are held with the Barbados National Bank, you would realise the significance of what I am talking about when you get a section of your savings deposits and you demand de-

posits with a bank which is not in a position to do effective banking business within the community. It compromises everybody. That is on the one side.

And then, on the other side, a golden opportunity has been missed, Mr. Speaker. It really makes me mad. I say it again. I am an angry man today. I will really have to control myself.

Do you realise what the combination of the Central Bank and the Barbados National Bank, a viable national bank, could have done in this country, particularly at a time, Sir, when you are following tight money policies in relation to certain types of consumer spending whilst at the same time you hope to promote growth through an element of credit into manufacturing, your productive sector?

Do you know what it would mean to small businessmen today if the Barbados National Bank was in a position to advance them the money which they are seeking, particularly as most of it could be guaranteed; 80 per cent of it would be guaranteed by the Central Bank of Barbados?

But the money just is not there. The money is tied up with bad loans, bad debts, the sugar industry has got a whole heap of it wrapped up — and probably wrapped up for years.

And now the Minister is trying to rescue it by going now to the rest of the community, going to commercial banks, going to businessmen and saying "Lend me \$20 million, I will put it in the Barbados National Bank." And on top of that, "I will print a little more money this year in order to rescue agriculture." That is what he is really saying today, and the taxpayers will pick up the difference between whatever interest he pays for the \$20 million and what is on-lent to agriculture. What kind of policy is that? What kind of policy? Does it make sense?

There are other ways where you can provide support price financing for the sugar industry without even having to go near the area where you may have to provide funds by the creation of new money, putting new money into the system. It is not for me to tell you all how to run the system. There are about three other alternatives that could be used which would have the same impact and at the same time would give the Barbados National Bank the opportunity to recover and allow time to remove sugar from the Barbados National Bank, or agriculture from the Barbados National Bank so, that you can really see what is happening within that system.

Mr. Speaker, I have proposed, and I hope the Government would accept, the idea of a Select Commit-

tee of this Parliament to deal with matters and to help monitor matters related to Government financial institutions. If there were such a Select Committee, I do not think the matters would have drifted this far in the Barbados National Bank.

I say it for this reason, too, Sir. Everyone of us has a vested interest and — make no mistake — the reason why I am not dealing with you with the severity that I normally would, when you have been so negligent in your duties, is because National Insurance funds are on deposit at that Barbados National Bank. Think of the consequences of a collapse. It is because, Sir, there are many small people and many small organisations that have deposits in that bank. Think of the consequences of a collapse.

I believe, Sir, that the Government should, first of all, review its policy position. Do not start off assuming, because of the fact that you have X number of people, that you should cut back on staff by 10 percent or anything like that. Do not just walk in there and start firing people left, right and centre.

Look first of all at the overall policy errors that have been made at Government level. Look and see what have been the major problems in terms of the operations of the bank and then you will find out whether it is necessary to lay off staff or to re-allocate staff.

I think that you might find that a re-allocation of the staff might be the problem, in conjunction with an effective training programme.....(Hon. Dr. R. L. CHELTENHAM: Too many bodies.).....because it is no fun to send home people these days when there are hardly any jobs in Barbados. There is no point sending home anybody.

And you are going to find it very difficult, now that the bank has been tarnished, to recruit good people. (Hon. L. S. CRAIG: They carry away half million dollars from Barclays.) We have never had any shortage of banking expertise in Barbados, Sir. There are a lot of good bankers among the Barbadian community.

What you are going to find now is that many of the top Barbadians who would have come over to the Barbados National Bank some five years ago, even at some sacrifice for the national effort, are going to say now, "We are not going to walk into that confusion." No matter what you pay them, they are going to say that they are not going to walk into that confusion. I am being very serious. That is something that they have to watch.

I have spoken, Sir, on vital areas in respect of Government policy — the need to separate agriculture from the Barbados National Bank; the need for training;

and — the need to recognise that banking is a skill and make sure that the lending portfolio of that bank is in the hands of bankers.

I have pointed out to you, Sir, that if you have a Board, and you do not want a professional Board, then you should remove the responsibility of making decisions in respect of loans from it.

I have dealt with the broad area of policy. I do not think I have said anything that would undermine the bank, but, nevertheless, I have to point out these errors on the floor of Parliament.

I, Sir, would again point out to the general public that there is no need for anybody to go down to the Barbados National Bank tomorrow morning and withdraw one cent, because the assets and liabilities of that bank, unlike the other commercial banks in Bridgetown, are guaranteed by the Consolidated Fund.

There is one other point I would like to make as well. I believe that having tried my best to deal with this matter in moderation but, truthfully, I believe that you should give adequate consideration to the suggestion of a Select Committee. It would take a lot of heat off you. (Hon. Dr. R. L. CHELTENHAM: I thought you do not serve on select committees.) I know what I am talking about, because I understand the banking system.....

#### SUSPENSION OF SITTING

Hon. L. S. CRAIG: Sir, if the honourable gentleman would please give way. Since he has gone into a Select Committee, Sir, I beg to suspend the House for 15 minutes, Mr. Speaker. (*Aside*) Oh, you are finished. You finished on a very poor note. I beg to suspend the sitting for 15 minutes, Mr. Speaker.

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

*The question was put and resolved in the affirmative and Mr. SPEAKER suspended the sitting accordingly at 5.10 p.m.*  
5.10 p.m.

#### On Resumption

Mr. SPEAKER: This sitting is now resumed.

Dr. R. C. HAYNES: Mr. Speaker, I was about to wind up.....

Hon. L. S. CRAIG: Four Your Honour's attention, the Hon. Member for St. Michael South Central indicated that he had completed his speech and I am quite sure..... (*Asides*)..... I am sorry, about to finish.

Dr. R. C. HAYNES: There is no problem. I have made the major points which I wish to make.

Sir, I was just about to reinforce the rationale behind my calling for a Select Committee, because there are many areas which I have not dealt with — I have deliberately not dealt with them — and I feel that it would be in the interest of the country, in the interest of all persons in public life, if a Select Committee of this Parliament was appointed to monitor certain areas of the nation's public financial institutions. That was my penultimate point.

My final point, Sir, is that having pointed to the problems created by the financing of the sugar industry by the Barbados National Bank, I wish to reinforce the need to remove agriculture from the portfolio of the Barbados National Bank and return it to a separate institution.

In respect of sugar, I believe, Sir, that that separate institution would be charged with looking more analytically at the basis on which it makes loans to the sugar industry with proper security.

One particular area that I would like to see dealt with is the question of the assumptions, the basic assumptions currently made about the sugar industry.

It would seem to me that there is a rather facile policy position taken by the present Administration: mainly, that in the years when sugar has done well, the Barbados economy has done well and the banking systems have done well. In the years when it has not done well, we have had trouble.

That is a rather simplistic view of the whole situation, because a proper analysis would show that there were other factors, apart from sugar, operating in the international environment, which happened to coincide with the years when sugar did well.

So long, Mr. Speaker, as the cost of production outstrips the final price that you will get for sugar, then whatever agency finances the sugar industry it will always be in trouble. If you produce more sugar on that basis, Sir, then the banks would be in more trouble over the years.

It is my own feeling that rather than taking such a simplistic notion about the sugar industry, the lending agency should adopt a proper commercial profile in relation to its lending, and look at other structural adjustments that may be made within the sugar industry in order to make it profitable. In other words, Sir, there must be more accent on productivity — that is the only way you are going to reduce losses in the sugar industry.

Sir, there is plenty of evidence available that if you were to reduce the target from 150 000 tonnes a year to about 100 000 tonnes, and if, Sir, you were to reduce the

acreage involved — I repeat, reduce the acreage — in sugar production so that the most productive acreage in Barbados would produce the 100 000 or 110 000 tonnes, that you would narrow the gap significantly between production cost and the price that you would get for your sugar; and there to be a turn-around point.

The remaining acreage that is now under sugar would be used for agricultural purposes that would have the same national objective. That national objective, Sir, would be to influence your external position and it could do so by a reduction in your imports of agricultural products. So the banking system would be protected, the national economy could be protected if you faced the harsh realities of financing of the sugar industry.

You cannot make a bankrupt sugar farm work. If it is bankrupt, it is bankrupt. If you wipe off their obligations to the bank; if you give them money and they are producing canes at a substantially lower price than they can get for the price of the canes that they sell to the factory, then they are going to go bankrupt again. It is as simple as all of that.

Government's whole policy approach to sugar needs to be changed in the context of a separate financing institution. Otherwise, I can assure you, Sir, that in 1983, 1984 and in 1985 we will be taking money away from other sectors of the community in order to prop up a financial institution and to prop up the sugar industry, and, probably, continue to indulge, as we have indulged ourselves in the past, in money creation in order to keep an industry like the sugar industry going.

Now there is, Sir, well researched information — and you just cannot dismiss the suggestion about gasohol either. You just cannot dismiss it, because it is a very useful suggestion. And I will tell you this now, too. You already have the capital. The West Indies Rum Refinery can produce pure alcohol; next door to that is the steam turbines of the Barbados Light and Power; and there have been studies done to demonstrate that you can produce gasohol in Barbados that will cost 10 cents per litre more, at today's prices, than gasoline; 10 cents per litre more. And if you were to reduce your Consumption Taxes by 10 per cent, then the cost could match, and that is a form of domestic price support, the use of gasohol.

So when I see the yard fowls of the Barbados Labour Party attack a distinguish citizen, I think the President of the Manufacturers Association, because he came up with an intelligent suggestion, a relevant suggestion — I am not going to mention to you what his proof has produced in another research paper, but I will send you a confidential copy and you will see the information.....

Mr. SPEAKER: Send the Chair.

Dr. R. C. HAYNES: Send the Chair, Sir, my apologies, Sir ..... I will send a confidential copy.

There have been three very interesting studies done on methods of further domestic support of the sugar industry apart from financing. And I think that if you face the realities in the sugar industry — do not just get up and call everybody idiots because they have a different point of view in relation to the future of sugar — they are all committed to the same goal: some people say that it could be done by earnings and savings and what we are saying is that it can all be done by earnings.

I am rather suspicious of the policy position of the Government. I am suspicious of that, Sir, because it does not look to me as if the sugar industry has done, at any time, any study whatsoever, in relation to the causes of the increased cost of productivity. They point to wages every year. They have not analysed the cost of mechanisation. They point to wages, but at the same time they will tell you that, between the 1960s and today, the labour force in the sugar industry has dropped from some 20 000 to 25 000 people to 4 000 to 5 000 people. Yet they point to wages.

But there is a body of opinion which feels that the combination of bad management, the cost of mechanisation, and the cost of the combination of the two have been important factors in the escalation of the cost of producing every tonne of cane in this country.

The payment system, Mr. Speaker, for canes going to the factory has also been a matter of concern, and many people believe that fundamental to any re-financing of the sugar industry, that you should be looking at the concept of payment for quality rather than payment for tonnage. The basic principle being, Sir, that you pay for canes, but you sell sugar. I do not know if many Members over there will get the message. Sir, if you pay for canes of a poor quality, you pay more for canes of poor quality than you get,.....

Rt. Hon. J. M. G. M. ADAMS: Although I introduced the fact that the sugar industry's fortunes and those of the bank are connected, I would respectfully submit that information, especially when it is wrong — because during the last season, under the influence of the Government, as the Hon. Member well knows, the idea of paying more for better canes than the worse canes was introduced, and I said so in my statement in the House — that the payment formula has to be maintained. It is a new formula. We are doing exactly what the Hon. Member said we should do, and that is a measure of his ignorance of the sugar industry if he does not know that. But, despite that, I submit that it is irrelevant.

Questions of whether you are paying for canes of better quality or worse quality, or whether Mr. Henry Viera

who has not admitted in a letter which was sent to me that he was just as ignorant as critics said, or whatever, surely they are irrelevant to the broad sweep of the Barbados National Bank and its works. I submit that there are actually irrelevant to the debate. I do not mind answering them, but I would only have to do it all over again when we bring the Sugar Industry Bill, probably in the next but one sitting of the House.

Dr. R. C. HAYNES: I submit, Sir, that it is not irrelevant, because in the losses incurred by the Barbados National Bank, one determining factor would be the principle of payment for quality on criteria different from those introduced by the Government this year. Those criteria, which he has just referred to, have been determined to be irrelevant and there are other quality criteria that should be used. I would suggest that he look back at the Warrens Report, or some similar document, which was published in Barbados some fifteen years ago, and he might get some better information on the use of things like refractometer and that kind of thing — which shows how ignorant he is of the sugar industry. But never mind, let us not get into that area. There are technical problems, Sir, that are related to sugar.

5.50 p.m.

Rt. Hon J. M. G. M. ADAMS: On a point of elucidation, Sir. Does the Hon. Member look back in text books published fifteen years ago to deal with today's medical technology?

Dr. R. C. HAYNES: I think we have really dealt with the matter at a mature policy level. I do not want to be dragged down from that particular level of debate, and I hope Hon. Members will at least support my position on a Select Committee.

Thank you very much.

Hon. Dr. R. L. CHELTENHAM: Mr. Speaker, I agree with the last Hon. Member who spoke that this is an important debate, and I hope that I can make my contribution without doing violence to the doctrine of collective responsibility and in such a manner as not to result in any run on the Barbados National Bank.

I trust that, quite unlike the last Hon. Member, I shall know when to sit down and I shall not spoil my speech by unnecessary and excessive repetition.

I hope too, Sir, that I shall not bring my sincerity into question by proclaiming at the very outset that I hope to do nothing to cause a run on the bank and then proceed to use the word "collapse" 39 times. I fear that by his excessive and deliberate use of the word "collapse", he may very well have the effect of bringing about precisely what he said he did not want to bring about.

It gives me no joy to recall that four years or so ago, when I spoke from the back benches, I made precisely the sort of points, in the main, that the last Hon. Member made, and that I anticipated some of the very difficulties and developments which we are experiencing today.

On that occasion, when the bank was being established, I argued that it would be unwise to combine the commercial and developmental roles in one institution, that the bank could not carry out both roles with balance, and that we were likely to land the bank with a kind of schizophrenic personality if we asked it to carry out commercial and developmental roles in particular to take on the responsibilities of the Development Bank and the Agricultural Credit Bank.

Voices were lent to mine in arguing that it would be disastrous to include the Development Bank, and I am happy now to recall that the decision was taken not to involve the Barbados Development Bank. I have no doubt that it would have been a disastrous mistake had we included the Development Bank within the umbrella of the Barbados National Bank.

The case for the Agricultural Credit Bank did not get the same quality of support that the case for excluding the Barbados Development Bank got, and, as a result, the Agricultural Credit Bank was collapsed and a separate agricultural division of the Barbados National Bank was created.

It is no secret; I continue to hold the view that agriculture needs its own credit institution, and for several reasons. In the first place, Sir, agriculture in Barbados, though predominantly sugar, is not sugar alone.

Let us take an area of new emphasis, such as fruit crop development. It is recognised that except for paw-paw you cannot plant and reap under three years. The Barbados National Bank has no understanding whatsoever of how to approach a loan for a farmer who wants to set up a fruit orchard, in which case you cannot expect a repayment until at least three years have passed.

The reason why that is so is that the source of the money which they use for lending purposes, does not allow, does not permit them to lend money out for three, four or five years without getting back any of the principal, perhaps none of the interest.

The second main point, Mr. Speaker, is that agriculture needs its own expertise. But you have a situation at the Barbados National Bank where a man comes in the Agricultural Division, and after two years, when he is beginning to feel his feet, he is familiar with the problems in the agricultural sector, a vacancy arises in the

Treasury or in some other division of the bank, and he argues that on the grounds of his seniority, and on the grounds of his position on the whole, he is entitled to promotion. He gets that promotion and, immediately, that resource is lost to the Agricultural Division.

We need a closed shop, a separate institution, where you can come in and make it a career — develop your experience, grow in the institution — rather than have the rapid transfer in and out that we have been getting between the Agricultural Division of the Barbados National Bank and the other divisions of the bank.

The third point, which I think is now being appreciated by everyone, is that agriculture, for the most part, is going to make a loss; and if it is not to discolour the financial picture and take the health of the bank it should be set off by itself as a separate institution.

There are few countries in the world, Mr. Speaker, where an agricultural bank is a profitable and financially healthy institution. So if the Barbados National Bank is to restore its financial health and profitability, the Agricultural Division will have to be cut off or else it will ever discolour and taint the picture and the health profile of the bank. That really is the case, in a nutshell, for having a separate agricultural institution.

6.00 p.m.

Just to elaborate on one point, Mr. Speaker, the source of the money. It is true that it is very difficult in today's world to get cheap money, but when you come to agriculture where the money at times has got to be lent for a long time, sometimes for the first three or four years there is no repayment, you have got to seek the cheapest source of financing that you can get.

When you have to take depositors' money in at 8 percent or 9 percent, and on-lend it at 12 percent or 14 percent — and right now in the agricultural division there is on-lending at 16 percent — there are few projects in the agricultural community that can afford to pay an interest rate of 16 percent. So as far as agriculture is concerned, you have got to look for a separate source of financing.

On that occasion four years or so ago when I spoke, Mr. Speaker, I also made the point that in my view it would have been unwise to combine the roles of Chief Executive and Chairman in one person.

As I understand it, that is an Indian precedent. It is widely used in the sub-continent of India. There is a lot of literature on it coming out of the Republic administration schools in New Delhi.

But it has one fundamental weakness and it is this, Mr. Speaker, as soon as you allow your Chief

Executive to be the Chairman, too, he dominates the Board completely. It is as though there is too much power concentrated in the hands of one person, and the answerability, which is critical to the successful working of these institutions, is removed.

To whom is he answerable? Who is there to discipline him, except when the Minister intervenes — sometimes too late? Who is there to discipline him?

But in saying that, Mr. Speaker, I am not to absolve the Board of the Barbados National Bank from any blame, because it is a matter of fact that that Board was improperly constituted in so far as they did not possess a range of relevant skills.

It is also a fact that they were not vigilant enough, and there is no evidence at all that they did their homework and that they asked the Chief Executive the sort of questions which they should have asked him from meeting to meeting.

So although I am not supporting the *sotto voce* remark that they were any yardfowls, I am going to be firm in contending that they did not carry out their responsibilities as they should have.

In terms of the structure, I am satisfied that my contention then was correct, and I am glad that the Prime Minister has had the courage to come back to this House and say, in effect, that he was mistaken and wrong on the occasion four years ago — that is in effect what he is saying, although not using those words — when he supported the combination of the two roles in one person.

The last Member who spoke, the hon. Member for St. Michael South Central, takes the view that all of the problems in the bank spring from policy errors. (*Asides*) I think he is now trying to suggest he said most of them and not all.

I think, Sir, that he is mistaken in that regard, because, though I have been critical of the organisation and of the structure, of the scope, of the responsibilities of the bank, I take the view, too, Sir, that the bank was let down at the human level. Those who had the responsibility to initiate and administer policies failed the institution.

And yet, in a way, Sir, there were certain mistakes that were in a sense almost unavoidable. Let me mention one or two.

You cannot start a commercial bank in Barbados today and expect to populate its staff with the best bankers in Bridgetown, because the best bankers in Bridgetown are doing well at the other banks — they are

proud of the progress they have made, of the contribution they are making to their particular banks.

And so, if you are not careful you are going to be left with the rejects, the discontented, the incompetents from the other banks, and that is precisely what constitutes the large proportion of the staff of the present bank.

Those who failed at other institutions were attracted away and promoted. Those who were discontented, who were getting nowhere were the ones that we took from Barclays, from the Royal Bank, the Canadian Imperial and from the other banks in the banking system. That is a fact, and this is where the personnel policy was not as vigilant as it ought to have been. There was no other way.

It is possible, as the Prime Minister said *sotto voce*, that if the politicians had had any input in that, it might not have gone as far as it did, because — there is only one member on the Opposition benches who perhaps can speak out of experience on this matter — after you have held ministerial office for a while, you recognise that a lot of the senior civil servants have more constituents than the politicians themselves; and you had better believe that. When there are jobs going, they have a lot of friends' wives and sons and daughters to place — more than the politicians themselves. That is a fact of life.

The second mistake which I think was made, for which the politicians may be excused from blame, relates to the rapid expansion of the bank at a time when the other banks in Bridgetown were contracting their branch offices.

I wondered why we were opening so many branches. At a time when Barclays and the other banks were collapsing their branches, we were expanding ours.

Now we know, Mr. Speaker, that that was a mistake, but I think that is an error of judgment which we must put on the doorstep of the managers of the system rather than on the politicians.

The third thing, Mr. Speaker, and it is clear from the figures that have been given to us by the Rt. Hon. Prime Minister, is that the leadership of the bank succeeded in making it a fine place to work, in the sense that travelling expenses rose from \$322 000 four years ago to \$1.4 million. I would like to know the amounts that individual officers drew for travelling per month.

Salaries rose from \$1.5 million in the first nine months of operation to \$5.6 million in the last year. There can be no doubt that the bank was heavily over-staffed and that the persons recruited did not, in many

cases, have the appropriate experience for the levels to which they were recruited, and that they were not producing as they should have been producing.  
6.10 p.m.

Loans to staff: \$900 000 in 1979, Mr. Speaker and \$4.6 million in 1981. Men who were only at work three months got loans in excess of \$100 000. (Rt. Hon. J. M. G. M. ADAMS: One fellow got it after three weeks.) In fact, there is evidence that one particular person got it under three weeks. He was only in the bank three weeks, and he had a loan for over \$100 000.

The Rt. Hon. Prime Minister and Minister of Finance could not be expected to be monitoring these matters on any day to day basis. This is where the leadership of the bank fell down. To put it generously, Sir, they were too generous to one another. To be fair, trying to be generous to them, that is how you can put it, Sir — they were too generous to one another. And I do not think that the politicians should be accepting any responsibility for that. (*asides*)

I want to turn to certain comments that have been made in relation to the sugar industry. Permit me just to say, by way of introduction, Mr. Speaker, that a lot of people who come to sugar and sugar problems believe that sugar yields and its problems are for top intellects, and if you have a good mind, and you start to deal with the problems of sugar, you immediately can come up with a solution.

I have seen several people fall into that error, and I have no doubt that that is precisely the error that the Hon. Member for St. Michael South Central made, even though I recognise, Sir, that he is echoing the view of Douglas Lynch from Shipping and Trading.

He takes the view, Mr. Speaker, that since the marginal lands in relation to sugar are uneconomical, for example, the lands in the south eastern corner of Barbados, the lands in St. Lucy, you should take them out of sugar, concentrate on the acreage in the centre of the island where we have relatively high rainfall, aim at a target of 100 000 tonnes of sugar and allow the other marginal lands to be used for other agriculture from which you will hope to gain foreign exchange.

Now, Mr. Speaker, the first point of viability in the sugar industry is about 125 000 tonnes of sugar. If that is so, if we start from that premise, it means, therefore, that you must retain the marginal lands in sugar production — or else the entire viability of the sugar industry collapses.

In order for the industry to be viable, Mr. Speaker, it needs a certain minimal acreage, it needs a certain minimal tonnage of sugar, in order to maintain essential overheads — for example, its research facilities.

But simplistic analysis and a brief exposure to the problems, Sir, may lead one to believe that the solution is to take the marginal areas out of sugar, concentrate on the high rainfall areas in the centre of the island, reduce the tonnage as a target to about 90 000 or 100 000 tonnes and you have the answer.

It is not as simple as that. The industry needs a certain critical mass and you cannot realise that critical mass by shrinking the acreage under cultivation.

My second quarrel, Sir, with the Hon. Member's comments on sugar relates to his statement that the estates are irretrievably bankrupt.

I concede, Mr. Speaker, that the industry is in one of its very depressed moments, and that the immediate outlook is not a good one, because the clouds overhanging the world market have darkened.

The position, Mr. Speaker, is that there is an enormous surplus of sugar in the world and consumption rate has not been growing as was anticipated.

In addition, the beet sugar producers in Europe have not become signatories to the international sugar agreement, and, as a consequence, they have not been disciplined in their production.

They have cultivated beet sugar with the aid of computers, and with the good weather that they had last year, and they are having this year, they are looking forward now, Sir, to a bumper crop.

So, in the short run, we are likely to have a situation where the excess capacity of sugar in the world is increased rather than decreased.

But this is not the first time that sugar has been experiencing a depressed moment because the industry is, by its nature, cyclical, and we only one in every seven to ten years get a really good price for our crop.

But we have no reason to spread gloom in the way that the last honourable speaker was doing in relation to the sugar industry, because, in the dynamic world in which we live, we could have developments next week or next month that could result in a very good price for sugar in 18 months or two years.

In 1962-1963, when the Cuban crisis developed, the Americans introduced *cordon sanitaire*, as it has been called, and Cuba was not able to sell sugar on the world market, who could have anticipated that?

It is possible that some tornado, some hurricane, could destroy the sugar crop in some large producing

country; that blight or disease could affect sugar elsewhere; that all of a sudden the sugar crop in Europe next year might be a total wash-out and a lot of that surplus could disappear overnight.

So while we are not betting on these events coming to pass, that has been the nature of our experience in the past; and I do not see that there is any reason to spread the sort of gloom that the Hon. Member for St. Michael South Central was spreading in relation to the industry.

I just want to make one point in relation to the way the pendulum operates. The mere fact that there is an extreme surplus right now, almost an all-time high, will force a lot of countries producing sugar, that can easily switch out of sugar, to come out of sugar in the short run. That, in itself, may well guarantee that in another two years or so the price of sugar could improve, and, perhaps, be even fairly high.  
6.20 p.m.

That is how it has always been. Whenever there has been an extreme depression, a lot of sugar producing countries that can easily switch out of sugar, normally get out of sugar, and as a result the equilibrium is restored.

I thought, Sir, that we would have had a presentation from the Hon. Member for St. Michael South Central in which an alternative to what the Government is doing in relation to price support would have been spelt out. But I notice, Sir, that he was very careful to criticise the Government for the price support and the method of financing it, but he never told us how they would have financed it.

He never told us how they would have financed it. His solution would have been to set up a Commission. To do what? The industry needs the money immediately and he would have set up a Commission. To do what? To address what problems? To come up with money when?

I suppose he would have treated his Commission in the same way as they treated the Farley Commission that they set up after they came into office in 1961. But he would have set up a Commission.

That is often the technique of sweeping the problems under the carpet. But the problems in the sugar industry are immediate, and what is needed now is financing; and if we are to save the industry, as we have a responsibility to do, we had to come up with a financial package.....

Mr. SPEAKER: In the last minute.

Dr. R. L. CHELTENHAM: And that Mr. Speaker, would not admit of the setting up of any Commission.

I just want to say, Sir, that the steps taken by the Government, in my view, Sir, in relation to amending the Barbados National Bank Act, are in the right direction.

I must however qualify that Sir, and say that, in my view, they have not gone far enough; and in particular we should have taken the decision now to set up a separate agricultural credit institution and we should, Mr. Speaker, also make one or two other amendments such as I have indicated earlier in my speech.

I just want to say, Mr. Speaker, that I very much hope that the qualifications of the person for the job as Managing Director in the amending Bill — phrase very widely, “a person of financial experience” — will be interpreted to be a person of at least five years banking experience, because you could do money and banking in your degree economics course and that does not, in my view, qualify you to be a managing director of any national commercial bank.

Hon. L. B. BRATHWAITE: Mr. Speaker, I want to make a brief contribution to this amending Bill and to make my position clear to a matter in which I have been drawn into by the Hon. Member for St. Michael South Central.

I have always taken a critical view of the attitude of the Barbados National Bank towards the farming community, especially the peasants in this country. That is true, and I have no apologies to make about that.

I have said repeatedly on the floor of this House, and elsewhere, and I will continue to say, that I do not think that they have brought an understanding to bear on the problems that confront the peasants in this country, and that I would have liked to see a greater understanding exercised on their part towards the poor people in this country.

I am not ashamed of that situation. So if you quote me with respect to that, you are on good grounds, and I will support you or anybody with respect to that.

I have always been very critical of the attitude which a number of people have taken within the BNB on a number of problems which affect the small people in Barbados. I have never really seen real sympathy on their part towards the small agricultural producers in this country and I was at a good vantage point, as Minister of Agriculture at the time, when I made those comments to see what was going on. What the present Minister of Agriculture, Food and Consumer Affairs is now witnessing is what it was my good fortune to witness over a period of time, and I therefore have to comment, from time to time on the problems which I saw.

What I am concerned with now is the question of the Bill which is before us and the manner in which we can set about to solve the problems which now exist.

I want to advert to a few points raised by the Hon. Member for St. Michael South Central. The Hon. Member said that he did not want to create alarm within the country which would cause a run upon the bank, that the money of the people in this country, as placed in the Barbados National Bank, is guaranteed and therefore there can be no problems, and that even if there is a crash on the banking system in this country, the money which is to be deposited in the Central Bank by the depositors there will be guaranteed from the Government's revenue, the Consolidated Fund.

I suppose I interpreted you correctly, but there is no point, Mr. Speaker,.....

Mr. SPEAKER: I think the Hon. Member said that the money deposited in the Barbados National Bank is guaranteed by the Consolidated Fund.

Hon. L. B. BRATHWAITE: That is right. Yes, the National Bank.

Mr. SPEAKER: ..... rather than, as you said, the Central Bank.

Hon. L. B. BRATHWAITE: Yes, the Barbados National Bank is guaranteed by the Consolidated Fund.

It is all well and good, Mr. Speaker, to say that, but at the same time you are spelling out the problems that confront the bank and causing people who may have their deposits there to have concern about the security of their funds. In other words, you seem to be speaking with fork tongues, and therefore the country out there is left to interpret the statements you make from the Floor of the House in any form that they consider suitable to that interpretation. It is therefore unfortunate that even though you set out, in the final analysis, to say that the money is guaranteed from the Consolidated Fund, you go on to spell out the dangers which confront the country *vis-a-vis* the money we placed in the Barbados National Bank.

The Hon. Member also sought to compare the position in the Barbados National Bank with the Central Bank and the Barbados Development Bank — to say that one Board was badly structured and the other two Boards were nicely structured — the Central Bank was structured according to plans as laid down to the Central Banks the world over.

I think the Rt. Hon. Prime Minister spelt out that in the introduction of the amending Bill and said how the

Central Banks the world over are structured and, therefore the Hon. Member for St. Michael South Central had no quarrel with its methods, although, from what I gathered, he was not too happy over the proliferation of employment within the Central Bank.

But if you look at the composition of the Board in the Central Bank and the composition of the Board of the Barbados Development Bank, I do not know if you can regard the Boards as any different to the Board of the Barbados National Bank. If you look at them, you will see that they have business people on all of those Boards.

6.30 p.m.

They have Mr. Douglas Lynch, I think, who is a member of the Barbados Central Bank, and, if I recall correctly, a member of the Democratic Labour Party of original and long standing, and therefore I do not think anybody here would quarrel with that appointment.

As a matter of fact, I believe that he was reappointed in our time. Therefore, we do not see the question of a person's politics when it comes to the question of selection to a Board, but rather we think in terms of what that person can contribute towards the national well-being.

The problem, I can tell you, with respect to the Barbados National Bank, is one in which I believe that too much trust was put in people and they were allowed to do their own thing.

As the Hon. Minister of Agriculture said, we allowed people to go there who saw it fit to select second raters, people who were made redundant in the banks in which they worked, people who were not seen as people fit for promotion.

The Barbados National Bank, in their wisdom, or lack of it, saw these people as geniuses, great men, just there with a hope and a promise that if they were placed in permanent positions they would go very far and do great and wonderful things. Therefore in a very short period of time, you saw a total proliferation of staff within the Barbados National Bank, and, from what I can see, no exercise of control over what was taking place.

As a matter of fact, it is all well and good to say that the political directorate is responsible and that this is a policy matter, and that policy is responsible for it, but if you exercise the policy to the point where you will go in and dismiss the staff, go in and dismiss the Board, you will hear there is too much political interference.

You sometimes do not know if what you are doing is right or wrong as far as certain people are concerned.

In my view, Mr. Speaker, all you have to do is to make the decision, and if you consider the decision to be the correct thing, you go ahead and make that decision.

When the Barbados Labour Party, in its wisdom, decided to put in its Manifesto the amalgamation of banking institutions in this country, they did that in good faith. And it is still our considered view that if the right people were put in place — and not very ambitious men who were seeking to be empire builders, and those who had their own political axes to grind were not elevated to high positions to do what they like — there would be no problems as far as the Barbados National Bank is concerned. I am persuaded about that and I stand persuaded by that.

Mr. Speaker, there is another thing. A bank is a very sensitive thing. The Barbados National Bank started off on a very good leg, a very good footing, but the worse elements were selected to go into that bank, and I want to make that abundantly clear from the floor of this House.

There is another thing which you have to be very cautious about, to be extremely cautious about; that when you are putting people in the banks you must be very careful in scrutinising who you put there, because banking is an area of trust, and when you can hear your business being discussed at cocktail parties, over luncheons, over dinners and at different parties throughout the country, there will be a greater run on the banking system or the particular bank of which these discussions take place, than if there is any other thing that is really materially wrong.

Mr. Speaker, I would hope that in any retrenchment system within the Barbados National Bank a careful analysis is made of the people who are made redundant; that not only the system of the last in the first out be adopted, but a system of looking carefully at reliable people within the bank. And in future, a careful analysis should be made of all people who are selected to serve within the banking system.

I, for one, do not bank with the Barbados National Bank. I encourage all the Statutory Boards that I have had to work on from time to time to bank there. I think it is only proper and right to do that, but I would hate to think that my business, which I regard as my private business, is really the topic of discussion at parties and on the telephone every day.

I would like the Rt. Hon. Prime Minister for the future — and I was not in agreement with him to have allowed the entire principle of appointments within the bank to fall into the hands of any President, or any Managing Director for that matter, because I suppose he has seen that whenever the blows rain down, they

are not going to rain down on the head of any President or Managing Director, but on him as Prime Minister and on this party as the Government in office.

Mr. Speaker, these are very important matters, and these are matters that we need to address, and we have to look very carefully at the total structure of the banking system in this island.

The Barbados National Bank must be made to look competitive with other banks. Its institutions must be so structured as to be able to compare very favourably, or even more favourably, with the other banks in this country. It is only by laying yourself to the people of the country, only by being correct in your practice, only by creating the confidentiality that is necessary between client and banker that the bank will succeed.

No bank can succeed, no business can, that is heavily overstaffed, and as far as your loan portfolio is concerned you have got to be extremely careful as to who is looking after that portfolio, and to ensure that the people who are given loans are in a position to repay those loans.

One cannot just say that it is the Government's bank and therefore the Government will ensure that nobody loses their money, and that the money in the bank is secured by the Consolidated Fund.

The Consolidated Fund must come from somewhere — in the final analysis, from the pockets of every man, woman and child in this country — and therefore one cannot glibly say that it is guaranteed by the Consolidated Fund.

We have to make sure that the Consolidated Fund is not abused, and therefore we must do everything in our power to ensure that any Act which deals with the Barbados National Bank or any banking institution is so structured that there are guarantees built in to ensure that there are no losses to the country or to the clients involved.

6.40 p.m.

As far as any assistance to the sugar industry is concerned, let me go on record as saying that I am extremely sympathetic towards the plight of the sugar industry in this country. Over the years, sugar has played a very important and significant role which cannot be denied.

It is the only crop in this country, up to now, that can stand on its own for seven to nine months. The other crops that we talk about — we talk about carrots, beets, cabbage, cauliflower and what have you — are crops that call for intensive farming and the labour is just not there for them in this country. We have got to face that fact. Sugar cane can stand up.

The Hon. Member for St. Michael South Central talked about gasohol. In this day, when the price of sugar is at the low ebb it is at the moment, you may be able to embark upon gasohol, but the gasohol is going to cost in the region of \$5 to \$6 per imperial gallon. That is the figures that it is worked out at. It is actually impractical, or was impractical a year and a half ago, but probably you may be able to look at alternative produce from sugar cane.

But certainly sugar cane is going to be with us for many years to come. It is a grass that can take care of other grasses, and successfully so, and if you do not want to reach a situation in this country where you are going to totally abandon in the region of 20 000 hectares of land, which would be possible, you will have to continue in sugar cane production.

As the Hon. Minister of Agriculture told you just now, you are going to need not less than 150 000 tonnes of sugar in order to have a viable sugar industry. You may have to look again, Mr. Speaker, at the question of feeding animals by way of chopped canes, or you may have to look again, as the Hon. Member for St. Michael South Central mentioned, at the question of gasohol, but whatever you do, whatever you look at, sugar, Mr. Speaker, will remain in this country, and with us for many generations to come.

Mr. A. TRUSS: Mr. Speaker, I rise in support of this Bill to amend the Barbados National Bank Act in order to make better provisions for loans to sugar factories, sugar plantations and to generally improve the management structure of the Bank.

This is in line with my thinking, Mr. Speaker, because as early as September 22, 1981, I called for many of the things which the Hon. Member for St. Michael South Central called for this afternoon.

As a matter of fact, if I do remember, on that occasion the Hon. Member for St. Michael South Central made a very balanced speech, and I, as a back-bencher, was not critical of Government as such, but I warned that there were certain signs that were indicative, and if those signs were not paid particular attention, it would mean that the National Bank, in my view, would be heading for trouble.

To my surprise on that occasion, the Hon. Member for St. Michael West got up immediately after I spoke and took me to task for many of the things which his colleague, the Hon. Member for St. Michael South Central, and I called for. I on that occasion, and he on this occasion.

The problem, Mr. Speaker, is that one must remember that the National Bank had taken over a great many bad debts from the Bank of America when that transaction was made. The great burden of financing the sugar industry has been pointed out. That has also taken its toll on the Barbados National Bank. The bank is also holding a great deal of Government paper that it inherited from the Barbados Savings Bank, and instead of cashing in those right away, the National Bank cashes these in on maturity dates. This is more in the interest of Government than in the interest of the institution of the Government.

Mr. Speaker, on that occasion I called on the National Bank to adopt the same approach as any ordinary commercial bank in Bridgetown. I mean, at one stage, the National Bank was involved in a loan of \$1.4 million to Jamaica to help bail Jamaica out. All these things contributed to the state of affairs that we are presently in.

I thought, and I still think, that the time has come when the Barbados National Bank must begin to function like a financial institution, and not like an arm of Government helping out any Tom, Dick or Harry as they may come along.

I took down carefully what the Hon. Member for St. Michael South Central said, and he called for a training programme. He said that there was great over-staffing at headquarters and headquarters should be reconstructed and so on. Mr. Speaker, I would like to quote from the debates of Tuesday, 22nd September, 1981.

Mr. SPEAKER: Is that the Official Gazette?

Mr. A. A. TRUSS: House of Assembly Debates, the Official Report of Tuesday, 22nd September, 1981.

I said at page 174:

"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 the Head Office is necessary.....There must be a look at the serious reduction in the overheads."

That is what I said on that occasion, Sir. Very silently, the Hon. Member for St. Michael South Central sat on that side and never nodded his approval. But there was a reason, and, in my view, the reason was because the directorate at that time was different from the directorate at this particular point in time. The President and Chairman at that time was a different person from the President and Chairman at this time.

That simply implies to me — because I have great confidence in the fact that the Hon. Member for St.

Michael South Central understands these matters only too well not to have missed the point which he raised today nine months ago — that it is just because of the fact that the person who was in charge of the National Bank had a relationship with the party to which he belongs that he, perhaps, did not think that it was necessary to criticise the Barbados National Bank at that point in time.

The Hon. Member for St. Michael South Central calls for a loan analysis department. He said there is no one at the National Bank at present who has the expertise. I would like to quote again, Sir, from the Hansard Report, on page 174, where I said:

"There is need in the Barbados National Bank for a serious look at a loan analysis section."

The Hon. Member for St. Michael South Central talked of the Barbados National Bank not having any policy, of the Minister of Finance not dictating any policy. In essence, that could be interpreted as a corporate plan. Banks normally have a corporate plan. I said Sir, on page 175 of Hansard Report of September 22, 1981:

"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."

The Hon. Member for St. Michael South Central talks about a training programme that should be instituted at the Barbados National Bank. Mr. Speaker, on page 175 of the same debate I would like to quote what I said in relation to training at that time.  
6.50 p.m.

"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 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 on life and you would see greater expansion in the near future."

It is as though, Mr. Speaker, the Hon. Member for St. Michael South Central read the Debates for Tuesday, 22nd September, 1981, and extracted my very speech, came into this Honourable Chamber today and made the very same speech. (Hon. DeL. O. BRADSHAW: Copy, man. Copy cats.) I cannot say he made a bad speech, Sir, under those conditions. I cannot accuse him of plagiarising either, because it is the spoken word.

Mr. Speaker, he said that, "the man at the top of the institution, the National Bank, should be a man who has experience in banking and that banking should be in the hands of a banker." The words of the Hon. Member for St. Michael South Central.

These are my words, Sir, on page 174. The Hon. Member really and truly read my speech, Sir. He did not realise that I had remembered what I said. I said on page 174, Sir:

"Sir, it is my considered opinion, that the offices of President and Chairman should be divided.....  
..... 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. 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."

Mr. B. M. TAITT: Mr. Speaker, Sir, on a point of order. I believe, Sir, that the Rules of Debate require that if an Hon. Member is quoting a speech, and he purports to be quoting exactly what he reads, not only must he quote exactly what he reads, but if he is going to skip, the Rules of Debate require that he should so indicate, Sir.

On page 174, Sir, the Hon. Member is reading from the Hansard, and, unless I have a different Hansard, what the Hon. Member says admits of a gap between the first sentence and the following sentence. I believe, Sir, that it would be proper, if he would so indicate.

Mr. SPEAKER: If he feels he is a lawyer.

Mr. B. M. TAITT: He feels he is a lawyer, Sir?  
(Laughter)

Mr. A. A. TRUSS: Thank you, Mr. Speaker. If I missed something, it was not intentional, Mr. Speaker. I continued, Sir, that this man:

".....must understand how to handpick his people and how to run the bank efficiently and effectively, how to improve the status of that institution."

I went on to say, Mr. Speaker:

"On the other hand, the Chairman of the Barbados National Bank"

had a different role to play and I outlined the role which the Chairman had to play.

Mr. SPEAKER: What I want the Hon. Member to do is to just give us the entire record from which he is quoting for the benefit of this Hansard Reporter.

Mr. A. A. TRUSS: Certainly, Sir. The House of Assembly Debates, Tuesday, 22nd September, 1981, page 174. I said I was quoting that before I started, Sir.

In conclusion, in that last paragraph, Mr. Speaker, I said I did believe that the posts have to be split.

Now, lo and behold, Mr. Speaker, I find that the Hon. Member for St. Michael South Central has echoed the sentiments of the speech which I made in September last year almost word for word on this occasion.

But what I find even more interesting, Sir, is the fact that his colleague, the Member for St. Michael West, took me to task for the comments which I made on that occasion. He took me to task, Sir. But I will deal with that in a minute.

The Hon. Member for St. Michael South Central — I have not finished with him yet, Sir, — talked about the fact that the National Bank lost money last year. Mr. Speaker, Sir, in relation to losing money, on page 175 of the very same debate, in my speech, I said:

"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."

So when the Hon. Member for St. Michael South Central gets up and speaks — and I would say it is a very good speech again — it is not as though he is the only Hon. Member in this Hon. House, Sir, who was aware of what was going on.

The point is that I believe that the Hon. Member for St. Michael South Central knew in September of last year that what I was saying was true, but he never said a word because it suited his purposes at that time to remain quiet because the head of the bank belonged to that side and not to this side.

Not that the present person belongs to this side. I would like to make that perfectly clear. I do not know what the politics of the gentleman who is presently acting are, and I am really not interested. All I can say is that I have confidence in him. I have confidence in his ability. I believe that he has done a great job since he has taken the position, and I wish him every success in the future.

As far as the running of the bank is concerned, I stand by my convictions that no civil servant should be running a bank. A banker must run a bank. Let the civil servant run the Civil Service. Let the lawyers go to court. Let the Hon. Member for St. Michael South Central give the injections. (Mr. B. M. TAITT: What are you going to do?) I will protect the people, man. *(Laughter)* I will protect the people, Sir, from Members of the other side.

Mr. Speaker, in closing, on page 176 of the same Debate, 22nd September, 1981, I said, Sir:

"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."

That was basically the context of my speech, copied by the Hon. Member for St. Michael South Central this afternoon. As a matter of fact, he spoke even better than I did when I originally spoke. He is one of those people who, when he copies from you, he is better than you, Sir. It is practice because he has had a little more practice — not in copying necessarily, but in Parliament.

Mr. Speaker, the Hon. Member for St. Michael West got up after I sat down and took me to task for the very same comments which his colleague made today.

So, it seems to me as though the Democratic Labour Party is in a frenzy; they are in a turmoil; they are confused. They speak with forked tongues. One Hon. Member says one thing on one occasion, another Hon. Member says something else on another occasion.  
7.00 p.m.

Mr. SPEAKER: Wait and see what he will do on this occasion.

Mr. A. A. TRUSS: Pardon me, Mr. Speaker, Sir?

Mr. SPEAKER: Wait and see what the Hon. Member for St. Michael West will do on this occasion.

Mr. A. A. TRUSS: Well, we are yet to see what the Hon. Member will say after I sit down on this occasion, Mr. Speaker. You are correct.

Mr. Speaker, the Hon. Member for St. Michael West said on page 179 of the very same debate:

"He —(referring to me, Sir) — said that a financial institution that lends money and does not have a corporate plan is bound to be a failure."

.....Now, here we have this financial 'babe in the woods' talking about a corporate plan..... Is the Hon. Member not aware that Barclays Bank does not begin to have the visions which the Barbados National Bank is forced to have?" In essence this is what he said.

He goes on to say, Sir, that he is saying that there is no need for a corporate plan, and the Hon. Member for St. Michael South Central today is calling for policy which, in effect, is a corporate plan.

I believe, Sir, that they should settle their differences; they should settle their policy differences before they they come in here. And if the Hon. Member for St. Michael South Central is truly the Shadow Minister of Finance, I believe that the Hon. Member for St. Michael West should stay out of things that does not concern him. He gets in over his head.

The Rt. Hon. Member for St. John, in his wisdom, appointed the Hon. Member for St. Michael South Central to be Shadow Minister of Finance, and I am self-appointed, Sir, as I said before, to be the Shadow of the Shadow Minister.

On page 180, Sir, the Hon. Member for St. Michael West said in defence of the Barbados National Bank.....On that occasion he was defending the bank — on this occasion he is attacking the bank. That is precisely the point. The question is — why? Nothing has changed in eight months, Sir, nothing except the man at the top. So I must draw the conclusion that they kept quiet because they had the right man at the top. What the Prime Minister should do now is put the right man back at the top. Then maybe we would not have had this debate at all. They would have kept quiet; the Bill would have passed; we would be at home, Sir. I would be watching television with my family.

Mr. Speaker, Sir, he said:

"The bank — (meaning the Barbados National 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 the Royal Bank

whose assets could buy Barbados over and over again in perpetuity."

And he continues to say.....

Mr. SPEAKER: Please, is the Hon. Member likely to conclude his address in ten minutes?

Mr. A. A. TRUSS: Yes, Mr. Speaker.

Mr. SPEAKER: Continue.

Mr. A. A. TRUSS: I am quoting the Hon. Member for St. Michael West, page 180. He said, Sir:

"the Hon. Member must not allow phrases like "corporate plan" — (he is referring to me) — to interfere with his understanding of what a national bank in a developing country can achieve in three years."

Now it means that is in direct contradiction of the statements made by his colleague on that side, the Shadow Minister, the Hon. Member for St. Michael South Central. That is what I mean, Mr. Speaker.

And when the Shadow Minister, the Hon. Member for St. Michael South Central, calls for a person who understands banking, and I called in September of last year, this is what the Hon. Member for St. Michael West said on page 180:

"I say that to separate the past 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."

You see, all of that, Sir, simply means that they have no policy. When the Hon. Member for St. Michael South Central can be contradicted by the statements by the Hon. Member for St. Michael West, it means that that side has nothing to offer.

And one must remember that in fifteen years when they were in power, Sir, the Barbados Savings Bank, which was formed in 1852, remained a savings bank until 1976, when we came into power, and it was this Government who initiated major legislation to transform the Savings Bank into a full fledged national bank. Look where it is now, Sir; look where it is.

The point Mr. Speaker, in conclusion — because I promised to finish in ten minutes — is that unless the Democratic Labour Party is prepared to come into this Honourable Chamber and offer alternative suggestions to this House and to the public of Barbados; better prospects, perhaps a better plan as to how we can handle the Barbados National Bank, I really do not think that we can sit here and listen to what the Shadow Minister of

Finance will have to say, because they have no credibility — and credibility is what is important.

You cannot be inconsistent in a policy as serious as the Barbados National Bank. Even if we have failed, at least we have been consistent in our policy.

But I do not believe that we have failed. We have just, as I have explained, had to bear the burden of taking over bad loans from the Bank of America; of holding a deal of the Government's paper that we took over from the Barbados Savings Bank. We loaned \$1.4 million to Jamaica to help bail that country out, and, in addition to that, we are saddled with the very great burden of financing the sugar industry.

Mr. Speaker, Sir, I rest my case, as they say, and look forward to the comments of the Hon. Member for St. Michael West but I warn him, Sir, that I shall record and remember what he says today — and so will Hansard — take the opportunity again, when he is inconsistent in his views, to bring it forcibly to his attention.

Thank you, Sir.

#### SUSPENSION OF SITTING

Mr. SPEAKER: This sitting now stands suspended until 8 o'clock this evening.  
7.10 p.m.

*On resumption:-*

Mr. SPEAKER: This sitting is now resumed.

Mr. B. M. TAITT: Mr. Speaker, Sir, when we had the suspension, it came at the end of a speech — I have to describe it as a speech, Sir — made by the Hon. Member for St. Michael Central, and he quoted rather liberally from a debate which occurred in this Honourable Chamber on the 22nd September.

Mr. Speaker, I was not happy with the manner in which he quoted from that debate, because he sought to suggest that, somehow, what he had to say then and what the Hon. Member for St. Michael South Central had to say this evening were consonant, and that somehow there was a divergence of view, based on what I had said during that debate.

Mr. Speaker, on that occasion, I referred to the Hon. Member as a 'babe in the financial wood,' and I still feel that, in many respects, the Hon. Member is innocent. I therefore would not always take everything he says as seriously as if it had come from more mature and more seasoned lips.

Matches in the hands of a child can be quite dangerous, and sometimes the words which emanate from even the political babes can be dangerous.

Mr. SPEAKER: I take it you are speaking to the Bill.

Mr. B. M. TAITT: Oh, yes, Sir.

On that occasion, on page 180, I said, and I wish to repeat it, Sir — I am quoting.....

Mr. SPEAKER: From which Official Gazette?

Mr. B. M. TAITT: From Hansard, page 180, September 22, 1981. Coming to the end of that debate, Sir, I made this observation:

"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."

Today, Sir, I heard the Hon. Member for St. Thomas, the Prime Minister, paying tribute to the former President of the Barbados National Bank, the only President of the Barbados National Bank, and he said that Barbados owes that gentleman a great debt. I believe, Mr. Speaker, that the Prime Minister agrees, therefore, with the view I had taken during that debate.

But I remind you, Mr. Speaker, that the reason for that statement was that the same Hon. Member for St. Michael Central had stood in this Chamber and referred to persons in top positions in the Barbados National Bank as "educated derelicts," and it was on that that I took contention with him.

I had referred to the flotsam and the jetsam that had been washed up on the shores of Barbados, and I said it would not have been proper for anyone to raise that kind of question in the context of a debate of the kind on the National Bank.

I would have thought that that Hon. Member would have allowed that debate to rest in peace, because it was not offensive to him. I was trying, since it was his first speech — on the National Bank — his first speech in Parliament coincided with his first speech on the National

Bank — and I was trying at that time to give the Hon. Member some advice on the way a debate should go if he was not to find himself at the end of words and phrases which would cause him pain.

If, for example, Mr. Speaker, a person who wishes to discuss the Barbados National Bank in this Honourable Chamber has substantial dealings with that Barbados National Bank, such an Hon. Member would, of course, make his position clear before he would embark on any examination of the Barbados National Bank in such a way as to suggest to those who do not know better that part of his contention concerning the Barbados National Bank had to do with his own dealings with that institution.

If an Hon. Member came into this Chamber, Sir, and purported to make speeches about the Barbados National Bank, and dared to suggest that those speeches are in consonance with the speech of another Hon. Member, when that Honourable Member may have composed his own speech — and the Member who is making the speech had collected his speech in the same way that a person would purchase ackees around the corner — if an Hon. Member came into this Chamber and made such a statement, then it would be desirable for other Hon. Members on this side to deal with the matter on an entirely different level. But this evening I am not going to deal with the matter in that way, because I do not believe that any Hon. Member has so spoken.

Mr. SPEAKER: I note that you have not yet spoken on the National Bank. As is always said, you are trying to pick a row with the Hon. Member.

Mr. B. M. TAITT: Which Hon. Member, Sir? I have not alluded to .....

Mr. SPEAKER: The Hon. Member for St. Michael Central.

Mr. B. M. TAITT: No, Sir, the Hon. Member for St. Michael Central would not fall into that category, I hope. I would hope that if the Hon. Member for St. Michael Central had dealings with the Barbados National Bank he would so declare them. I would hope that if the Hon. Member for St. Michael Central purchases speeches, that he would declare it, so I could not possibly mean the Hon. member for St. Michael Central.

But I wish to take issue with him when he would suggest that his saying that bank should be split was a matter of fundamental policy.

You will recall, Mr. Speaker, that the issue concerning his saying that the bank should be split had to do with his stating — and it is so recorded — that the Chairman of the Bank should be a man of political influence in this country.

My taking him to task — do not shake your head it is here in Hansard — was primarily concerning his statement that there should be a division between the Chairman and the President of the bank, and that the Chairman of the bank, in his words, is a man who is involved in business in Barbados, a man who has a lot of influence in Barbados, political or otherwise. I spent a substantial amount of time taking him to task for that; I was not taking him to task in the context of a policy.

So rather than my spending the time now, Sir, referring to the referrals he made, I shall move on and hope that the Hon. Member would understand that not every bit of information which an Hon. Member in this Chamber might have, is likely to be revealed in the record of Hansard. If that were so, a number of things would be stated which would be deleterious to the morale and character of Hon. Members, because if I state them, I would only state them if they were true, and after having acquainted Your Honour that I intended to talk about them.

Let the Hon. Member make no mistake, again, ever, in believing that he can refer in a debate, in the manner in which he did, to suggest a direction of a speech which I made and leave out parts of his quotation .....

Mr. SPEAKER: Deal with the Barbados National Bank. What you are now doing could very well be done in the Members' Lobby.

Mr. B. M. TAITT: I am guided by Your Honour, Sir.

I wish to take issue with a point made by the Hon. Member for Christ Church East. The Hon. Member for Christ Church East put forward a very reasoned argument today and one which is consonant with the position taken by him earlier on the Barbados National Bank.

I wish to say that I disagree with him fundamentally on the question of the separation of power of the Chief Executive of the bank. I wish to say that it is a position that I held before and I still hold — it is an administrative theory, it is an administrative technique.

I believe that the Chief Executive of an institution such as a national bank ought to be sufficiently endowed with the necessary power to make decisions, and make those decisions in such a way that the decisions can be effective.

I believe that if the personnel that fill a particular role have not performed effectively, or are not suited for that role, that the personnel may be changed, but I do not believe it is necessary to throw out the baby with the bath water.

8.15 p.m.

Mr. Speaker, the Barbados Central Bank has been established along those lines, and for the first part of its existence, when the quality of the Board was of a certain kind, it was clear that the Bank works at its best and at its most efficient.

The quality today, based on the policy decisions made by the Minister of Finance, is not of the same kind as it was in its earlier stages, and I wish to say that a substantial part of the failing of the Barbados National Bank falls into that category of not having the quality of Board that it is necessary for an institution of this kind.

The Minister of Finance cannot appoint persons to serve on a Board after amalgamating institutions that were in themselves functioning well, and not put the requisite expertise on that Board to ensure that the Chief Executive follows the directives or the policies, or behaves in a manner, which would be commensurate with the high quality and efficient operation.

I am suggesting that if the President of the bank had been answerable to the members of the Board on the matters that were germane to the running of the bank, then the question of the rapid expansion, which we have heard about, would have been a matter which ought to have been brought to the attention of the Minister at an early stage.

And I wish to suggest, Mr. Speaker, that if the bank has failed under the portfolio of the right honourable gentleman, that the right honourable gentleman should do what is required in this system which we follow. If he is now admitting that the bank had been a failure, then he should do what they do in the so-called Westminster model.

It is the Minister who has failed, because when the bank was deemed to be successful, it was the Minister who took the praise. The Minister cannot now be heard to be suggesting that officers in the bank are responsible.

Officers in the bank or officers in the institution are always responsible, but the ministerial responsibility is his, and his alone, and if the President of the bank is changed and the Minister does not take any more interest in the bank than he took in the past, or the Minister is no more competent in the running of the bank than he was in the past, then the bank is still doomed to failure.

When it can be pointed out that loans for the staff moved from \$900,000 in one year to \$4.6 million in the following year, and a Minister can come to Parliament and report that kind of information, then the Minister has not been doing his job, because in the same way all the rest of us have to read the reports which come from the Barbados National Bank, it is presumed that the Minister is the first person who sees these reports.

The Barbados National Bank requires the Minister to receive reports from the Board, and if he received these reports and has said nothing to Parliament or has said nothing to the country, then, when the catastrophe falls, the Minister is the one who should take the blame.

Mr. Speaker, the Prime Minister said in here today that he cannot recall or he does not know of any political influence which has been brought to bear on the bank. That is not my understanding, that is not the understanding of a number of persons who are intimately connected with the bank.

It is believed by a number of people that a number of loans made by the Barbados National Bank were made on the direction of the political directorate. That is believed by a number of people. And unless we can see information from the bank which deviates from that particular course, we will continue to believe that part of the bank's failure has to do with its being wrapped up within the political directorate, either deliberately or inadvertently.

I say inadvertently in this way. Sometimes, Mr. Speaker, persons in an institution may perceive that they have to take direction from people from whom they do not really have to take direction, and it may very well be that when, from time to time, senior political people call up the senior members of the bank and give them directions or firm instructions or a very harsh request, that the people in the banks would feel bound to follow the political directive.

Mr. Speaker, if, in fact, the Government has decided that there are thirty or forty persons working for the Barbados National Bank whose political colouration requires they be excised from the bank, that is the Government's prerogative.

But it is not the Government's prerogative to brag about the opening of a branch at Cave Hill, which, incidentally, was opened illegally. They went up and re-decorated and changed the use of the building at Cave Hill for the bank's use without permission from Town and Country Planning. They have never received permission from the Town and Country Planning Department. They were able to go up and open a bank, and it was opened by governmental personnel.

When we read that the Government Information Services announce that they have allocated space in the CARIFESTA village for a bank and therefore a bank is to go there, we know that that is a political decision, because no banking board would have made that kind of decision on that kind of information.

When we read that they had purchased the building in James Street, when the Hon. Member came in here

and bragged about the progress which was being made when the Barbados National Bank had purchased the building in James Street, it was not the President of the bank who was complaining or bragging — it was the political director, the Minister of Finance, who was bragging about the purchase of the building in James Street.

When he talks now about the broad expansion of staff and the salaries which are being paid, those salaries and staff expansions could not have been done without his knowledge. They might not have been done on his direction, but they were done on his knowledge. And when he purchased the contaminated portfolio of the Bank of America, that contaminated portfolio was not purchased by the President and the Board acting on their own — it was purchased by and with the consent of the Minister of Finance.

I am saying that the sins committed by the Bank have their root, their genesis, in the brain of the Rt. Hon. Prime Minister and Minister of Finance. I am saying that the Minister of Finance is the one who should be held and pilloried if the Barbados National Bank is held to be a failure.

It does not fall well from the mouth of the Minister to be attacking the staffing and saying that after four years he considers it necessary to review.

Mr. Speaker, he has been privy to the movement of the Barbados National Bank at all stages, because, Sir, the Barbados National Bank has been a star in the otherwise empty crown of his Government. And he has gone ahead, despite advice from his side, our side, and people in between, because it always seemed as if the Barbados National Bank would bring him to good remembrance when his term as Minister of Finance is completed.

Unlike other persons, I am not going to berate the bank, because the agricultural portfolio is beginning to weigh it down.

Without quoting the speech, anyone who refers to my speech of the same date will find that I made reference to the fact that the Barbados National Bank is a different kind of institution and cannot be compared with Barclays Bank or the Royal Bank if it had not been given either the contaminated portfolio of the Bank of America or the Agricultural Credit Bank, or any of the agricultural institutions which he now says form a substantial part of the \$208 million which forms the lending portfolio.

8.25 p.m.

Mr. Speaker, you cannot approbate and reprobate at the same time. If we are a developing country, and you are going to lay claim for the credit of amalgamating

these institutions that were functioning, and that were not creating any of the problems which he now claims, then he cannot, at the same time, come in and lay claim to having checked the inefficiency of the bank at this stage of its development.

Mr. Speaker, one of the things about the Barbados National Bank which is of interest to most Barbadians is that it is an institution of pride. Most Barbadians believe that having a national bank is something which we should have.

If after three years, or five years, all the persons involved in the National Bank have not turned out to be top bankers, I am suggesting that they will never be top bankers, if every two years, or so, the political directorate starts to shift concern and starts to rearrange the bank.

The bank cannot operate under the umbrella, or the constant eye, of the politicians. The bank has to be free completely, not only legally, it has to be free completely from the politicians in its day to day operations, and it has to report on its performance, and at the end of the day the shareholders, if they are shareholders in Barclays Bank, if they are shareholders in the Barbados National Bank, will pronounce on their performance — and if they find that performance lacking, they will recommend steps to be taken to change the personnel as necessary.

But what we have is, first, the bragging. First, we have had the glorification, and now we are having the condemnation. We are condemning on the one hand, but we are saying, "Nothing I say must be taken as a condemnation". We have had the Rt. Hon. Prime Minister giving us a half of his speech in which he seeks to praise the bank and in the other half he seeks to condemn it.

Mr. Speaker, those of us who can read between the lines understand that certain decisions have been made. And when the Hon. Member for St. Michael Central suggests that he had some kind of preview of what was going to happen some nine months ago, I am saying that the Hon. Member has been privy to decisions which have been made at a different level. The whole point in question was whether we were going to allow decisions to be made in that way, that was suggested by him at that time.

What we have seen here now is a playing out of the drama. Today, we have come to fruition. Once the Rt. Hon. Prime Minister and his people decide that they are going to fire somebody, that person goes. That is their style of operation. Then, who could quarrel with them? As the Hon. Member for Christ Church East Central, whom I do not now see in his place, would

say, "They have the numbers". But they will not always have the numbers.

I believe that reasonable arguments should be advanced for decisions which are made and the mere fact of numbers should not be sufficient for those decisions when those decisions interfere with the livelihood, when those decisions interfere with the existence of people in a society.

I am not here to find out who is going to get the axe. I am not here to find out which are the thirty or forty people at the Barbados National Bank who have been identified for chopping. But I will tell you, Mr. Speaker, that a large number of the people who work in the Barbados National Bank have, for the last nine months, been walking around wondering if the axe will fall on them.

I say that that is no environment in which a developing country ought to be carrying on its business. I say that during that period when people are walking around wondering if they are going to swim or if they are going to sink that you cannot expect from them the kind of efficiency which you are now calling for.

Mr. Speaker, I am going to finish now by making the point that the Prime Minister who has the responsibility for the Barbados National Bank ought to consider shifting that responsibility to some other Minister, if he does not wish to resign. No Prime Minister in the Caribbean resigns on such simple matters. The Hon. Member had a portfolio that included International Seafoods, and International Seafoods went through the eddies — completely. He did not resign on that. So, if he did not resign on that, I do not expect him to resign on this.

But he should shift the portfolio to someone else who has enough interest, who has enough knowledge..... (Hon. L. S. CRAIG: Do you mean Finance?).....Just the National Bank.....to be able to oversee the Barbados National Bank and not to make the kind of non argument.....(Hon. L. S. CRAIG: Do you want a Minister of Banks?).....that the Central Bank is run along the lines which central banking is run in Britain and therefore the Central Bank cannot be touched, and therefore the Central Bank's structure is all right — but the structure of the National Bank can be touched. That is an argument which does not hold water in circles where people understand what is going on.

The Barbados Central Bank's structure is identical, in terms of its corporate structure, to that of the Barbados National Bank. And if the Barbados National Bank has been found wanting and there is a decision to split, logic demands that the Hon. Member should be saying something about the Barbados Central Bank. His excuse is a feeble one.

I disagree with the concept of splitting, as I have said, but if they are going to be consistent, the Central Bank should also be split and there should be a Managing Director and a Chairman of the Board. But you see, Mr. Speaker, they cannot interfere with the Barbados Central Bank. They fall into an entirely different category.

And when the Prime Minister seeks to suggest that central banking in Barbados follows the pattern of the Central Bank in Britain, that is not correct. That is not correct. The central banking pattern that is followed here in Barbados, and the Barbados Central Bank Act, follows, to a larger extent, the provision of the Federal Reserve System in the United States than it does the Central Bank in Britain.

As a matter of fact, Mr. Speaker, there is no such thing as a Central Bank in Britain. There is no such thing as an institution called the 'Central Bank'. There is central banking, there is an institution which has been designated to carry out the functions which the Central Bank carries out.

But, here in Barbados, the Barbados Central Bank Act is patterned more on the Federal Reserve System in the United States than it is on central banking in the United Kingdom.

So, Sir, when the Minister seeks to justify his failure to make the logical change in the Central Bank to be consistent he is not on firm ground.

I would suggest, Sir,.....

Mr. SPEAKER: That time is not with you.

Mr. TAITT: Time is not with me. May I wind up, Mr. Speaker?

Mr. SPEAKER: Time is not with you.

Mr. B. M. TAITT: Thank you, Mr. Speaker.

Hon. V. L. JOHNSON: Mr. Speaker, Sir, I have listened with a great deal of interest to the speeches that have been made, on the other side in particular, with respect to this amendment to the Barbados National Bank Act.

I will not be long, Sir, because it does not take long to say, 'I told you so.'

I could have predicted the Hon. Member for St. Michael West would have made the speech he made tonight, because my concept of Government is, Sir, when you have responsibility for a series of functions or a

particular function, you must accept that responsibility and recognise that whether you succeed by standing apart, or fail by getting involved in the ultimate analysis, they will say that it is the Minister, the political directorate as the Member for St. Michael West called it, who must accept responsibility for anything that went wrong.

8.35 p.m.

Beginning, therefore, with that premise, Sir, I would like to start off with this principle: in my view, a civil servant who has spent a lot of years in the management structure of the service cannot be expected to bring the management style to a commercial enterprise, like a national bank, that would put him on a safe course to succeed.

This, Sir, is not to be regarded as a criticism of the Civil Service. Civil Service management or public service management is entirely a different beast to management in the corporate style, where you are out there in stiff competition with men who are setting out, not only to drown you, but setting out to wipe you out completely.

In the commercial world, Sir, particularly in the field of banking and other areas of business, it is a 'dog-eat-dog world.' And my submission is, and has always been, that there is no creature in the public service of Barbados, or any other country, who has the temperament, the range of experience, the emotional and managerial style, that would allow him to direct a bank through its infancy and into maturation stage.

That, Sir, has always been my view and it continues to be my view, and I feel, Sir, that this Minister of Finance is to be commended for taking the decision he has now taken. My only regret is that he did not take it earlier. But management is a discipline that is largely graded or measured on its ability to recognise when things are going wrong, and it is to be congratulated when it has the courage to take corrective measures to put those things on a safe footing.

I have watched for a long time, Sir, and I have seen the concept of Statutory Boards, particularly the Statutory Boards in this island that have responsibility for commercial functions being invaded by men of the public service who aspire to high managerial positions outside of this service, but who would still want to retain the relative security of the service. I say, Sir, that these things are not compatible.

In the "Wild West" world of management of business Sir, there is no such beast of security. Any man who is trained to manage any institution, as one of its elementary principles, accepts that he is a man on thin ice; and unless he can deliver the goods he recognizes that one of the strengths of management resides in the deci-

sion that will be taken to remove him from office if he proves not to be successful in that particular enterprise.

I remember, Sir, the International Telephone and Telegraph Company. There is a man there who has become to be regarded as one of the most deadly corporate executives in the history of management, and that is Mr. Genine. If you last a year and a half with Mr. Genine, you have wings, Sir, you have come from Heaven, because he is a man who wants International Telephone and Telegraph to remain on top and he does not rest until he identifies the man who will combine the ingredients essential to success. Another man cast in the same mold, Sir, is Mr. Paley from Columbia Broadcasting System.

Those men, Sir, will not come in here and shed any tears over the fact that a Chief Executive goes home after only six months or two years in office. If they cannot bring success to the enterprise in the allotted time — they go. It is as simple as that.

That is why I say that civil servants have no business running a commercial bank, because the relative tenure of the service is not compatible with the rough and tumble world outside there.

A man should come into this job; he should be paid for the risk he is asked to take; he should be asked to take risk running the bank on a commercial basis, and then, Sir, if he cannot deliver — through the door with no tears shed.

I do not share the view that men who run commercial banking institutions, whether they be the national banks or commercial banks or the private sector variety, should be paid on the basis similar to those in public service.

A public servant, even at the Permanent Secretary level, is a relatively secure man and can go home every night and sleep. Regardless of how he administers his job, it is virtually impossible to remove him from office.

But when a commercial bank is on the down-slide, and you have to call the management into accountability, I feel, Sir, that he should be a man who is trained in the discipline in which he is asked to serve; he should be allowed to understand that he is expected to succeed — and if he does not succeed, no tears will be shed when he has to leave. He should be therefore paid for the ulcers that he will have to carry home when he goes after this elusive thing we call success in management.

I, Sir, am of the opinion that the Barbados National Bank is not in any position in which we must all panic. I think we have a useful lesson which we have learned, and now that we know what we want done, we should set about to do it.

Now, I Sir, certainly do not necessarily share the view that it is impossible to have a bank with a commercial mandate and, at the same time, with what I have been hearing described as a developmental mandate. I hear people saying that one of the failings of the bank is that it was asked, at one time, to be a commercial enterprise and the other time it is supposed to be a support institution for the sugar industry.

I believe, Sir, that those two functions should be carried on quite successfully in the same institution. The problem, as I view it, Sir, is that we have to be certain that we understand when these two functions are being performed.

The commercial function must be clearly identified as a commercial function, and management must be told that that segment of its institution is supposed to be profit centre.

The non-commercial sector, or the support side of the bank, can be a sector that recognizes that it has the developmental component, and that developmental component should be supported by Government policy. Government policy should be clearly enunciated, so that when subsidies are to be given, they will be given.

For example, I don't think that the bank should be asked to carry a huge burden of bad debts that pile up on the side of the agricultural sector. If Government wants to offer subsidies, it should offer them and let the commercial sector be covered. But the commercial sector should not be burdened with the developmental part of the business.

I don't see any reason, therefore, to cry and beat our chest and say that we have done a horrible thing to put those banking institutions together. I think the two of them can work, provided those two functions are clearly identified, and that everybody understands that when we talk of sugar, we are largely discussing the developmental component of the bank that is not expected to perform in the same commercial terms as purely the commercial sector.

I heard the Hon. Member for St. Michael West saying that we are condemning on the one hand and praising on the other. He was alluding to the fact that the Minister responsible for Finance was entirely generous towards the management of the bank when he said that the management had exemplified a certain professional flare and had given long service to the public. I agree with that. The management has given long and distinguished service in the public sector, where he should have been; where he should have stayed all the time.

8.45 p.m.

He has distinguished himself in the Public Service, and you do not have to take that away from him. I will say publicly that he has distinguished himself, and I understand that he has been one of the most distinguished public servants that Barbados has had for a long time, but I will not have any difficulty in saying that he failed as Chief Executive of the bank. You do not have to bite your tongue to say one and say the other.

Any institution that can show the kind of losses that the National Bank has shown, regardless of the fact that it started out with certain bad debts on its books, cannot be described as an institution whose leadership was necessarily well-informed.

For example, Sir, one of the things that I am a little bit disappointed about is that the Minister responsible for Finance has not brought down the amendment to the National Bank Act that would allow the Minister of Finance to be more involved with the bank.

I hear all this foolish talk about ministerial responsibility not involving getting mixed up in the bank's affairs, but whenever the bank fails, the man who is going to carry the burden of that failure, whether he stays home and sleeps at night and does not know the address of the bank, is the man who holds the portfolio of finance.

Whenever it fails, he is the man that has to bear the public ridicule. They are not going to call the Manager — people would not even know who he is — and that is why I said I could have said, 'I told you so'.

The fact that he interfered does not mean he is absolved. You still come in here and say that he has to bear the responsibility. You said so in plain English. (Mr. B. M. TAITT: Doesn't he have to bear responsibility?) 'It is he who has failed', that is what you said, so you are identifying failure, you are agreeing that the bank failed; you are blaming the Minister of Finance.

I am telling you that that Minister of Finance only failure is that he listened to you all over there on that side. This is his principal failing, talking idly about not getting involved and giving the bank an opportunity to run itself. Run itself what!

I believe, Sir, and this is my style, that if I am responsible for any Board at all in Barbados, any kind of responsibility I have, I am getting involved, I will interfere, because, when they are going to pillory me outside, I must be able to know that I am bearing the blame justifiably.

I will accept responsibility for failure and I will give the credit for success to those who work under me, but

since I am asked to take responsibility for failure — look for me to involve myself in what is happening.

I am saying that had he done so, it would not have been possible for one of the senior executives of the bank to get a loan for \$90 000, to give himself a loan for \$90 000 after three weeks in the bank, and then, a couple of days after, a loan for \$15 000 — \$90 000 for a house and \$15 000 for a motor car. He would have been able to say none of that will happen here.

That is why I say political involvement is necessary. When management goes mad, there must be somebody there who is going to be broadminded enough and bold enough to tell them that that kind of attitude is not to be countenanced.

Had he involved himself, I do not think it would have been so easy for another senior executive to lend himself \$76 000.

This is the kind of thing that goes on in institutions when the man who holds primary responsibility is not looking, because he believes that as he, himself, would have brought a level of maturity to the running of the bank, that another individual would equally be able to bring the same level of maturity. But it does not work that way, Sir.

No Minister of Government — I do not even think on that side — would have sat down and countenanced a situation like that.

That is why I have always said I like the Hon. member for St. John. He is a man, when he puts his hand on you, who puts it on with full force and no questions are asked. It works; he drops his hand in you, 'brugadown' and it does not ask for any questions. He lets you know that he is in charge and he is not taking any chances.

Sir, if he has any virtues at all, that is one, or that is it. Get involved. I will get involved and I will take the responsibility. All roads lead to me. I think that is how it has been put somewhere else.

Sir, I am not going to talk for a long time, I just wanted to put in perspective that this Government has distinguished itself with the quality of its management. It brought a measure of sophisticated government that this country had not seen for a long time; it took the banking institution run by the public sector from a little more than a glorified 'sioux sioux', a meeting turn, and turned it into a sophisticated institution of which we all can be proud. Its portfolio has grown, but, like all institutions that are new, it cannot be expected to overcome all its obstacles in the first week.

I am certain that if the Minister of Finance was not a man who was always willing to give every man a fair opportunity to prove himself, he would not be in a position to hear the Opposition here tonight saying that he is responsible for the bank's failure.

I am glad that he has brought this amendment and I am happy to support it. I am confident that when a man is appointed to govern the affairs of the bank, who is a banker — not a man who took a couple of courses in economics, or who was a Chief Accountant in a Ministry — I am talking about a banker who understands commercial banking, who recognises his obligations and who recognises the full liabilities that are essentially a part of high executive management — that kind of individual will bring the bank back on the course which we had intended it to be on when it was first instituted, and we will be able to come back to this House of Assembly and look at the financial statements and the record of the bank's performance with a great deal more joy than this particular occasion affords us.

But Sir, I would caution the Minister of Finance: do not allow the bank to feel that it has absolute jurisdictional responsibility for all its own affairs. The Minister of Finance must become involved to the point where he knows, at all times, what is going on in the bank, because it has been clearly demonstrated here tonight that whether he interferes or not, he is going to be blamed when something goes wrong.

I say, Sir, that the safest policy will always be to do like Paley and look over the management's shoulder and see when things are getting off course so that swift corrective action can be taken. We will all spare ourselves the agony that we are now finding ourselves having to endure here tonight.

8.55 p.m.

Sir, with those very few words I would like to congratulate the Minister of Finance for making the necessary adjustment to bring the Barbados National Bank back on a safe and sound footing so that the people who have entrusted their assets to the management of the bank will not have to suffer any disappointment when the time comes for them to go and inspect the bank's performance.

Thank you, Sir.

Rt. Hon. E. W. BARROW: Mr. Speaker, unlike the Hon. Members who have preceded me, I should like to declare an interest. I think that I have maybe \$76 on deposit with the Barbados National Bank, and there are other Members who may possibly.....

I see another Hon. Member on his feet. Can I be informed what the occasion is? Mr. Speaker, have you been informed?

Mr. SPEAKER: Now I see two Hon. Members on their feet. One is addressing the Chair, the other will take his seat.

Rt. Hon. J. M. G. M. ADAMS: I want to ask the Hon. Member to give way so that we can just speak about extending the length of the sitting, otherwise the Hon. Member's speech will be interrupted. That is all. The Moment of Interruption comes in four minutes. I am trying to help the Hon. Member, Sir.

I believe that the Leader of the House has made the necessary consultations and that we would still be within the Barbados Workers' Union agreement if we extended the sitting to 10 o'clock.

I would like to move — I hope we will get through two speeches at Committee stage by then — that this sitting be extended until 10 minutes past ten.

Mr. SPEAKER: I seem not to understand what is taking place.

Rt. Hon. J. M. G. M. ADAMS: I am begging to move that the sitting be extended for one hour, to ten minutes past ten this evening.

Mr. SPEAKER: It is now 9 o'clock, and I am to enquire if the matter before the House is of a controversial nature.

Rt. Hon. J. M. G. M. ADAMS: Before the Moment of Interruption arrives, Sir, I am trying to move a Resolution which, in its effect, suspends the relevant Standing Order, and Your Honour's duties, I believe, are to ascertain the wishes of the minority before the Resolution is put.

Mr. SPEAKER: I appreciate the anxiety of the Rt. Hon. Prime Minister, but time is not in his favour. I appreciate that you were on your feet before 9 o'clock, but 9 o'clock has caught you in the act.

I believe that, given the feeling of the House, there is no objection to going on until 10 o'clock. There is no objection to continue until 10 o'clock.

Rt. Hon. E. W. BARROW: Mr. Speaker, before the Moment of Interruption, and there was a moment of interruption, I was explaining that I have an interest.

We are discussing the National Bank and I do not receive statements from the bank, but I believe I have some \$76 on deposit in the National Bank.

I do not know how much it is. I had a balance left over when it was the Barbados Savings Bank, and I did not receive any statement, neither do I have a bank book.

There are several Hon. Members in here who I believe owe the National Bank money, and I think that was the anxiety of the Leader of the House that this should not be disclosed, but I really think that people who owe substantial sums to the National Bank should have declared their interest.

Therefore, if I say anything critical of the Barbados National Bank, it is not that I want to see the National Bank fold up. Whether it reverts to its former status as the Barbados Savings Bank or continues under the sobriquet or nomenclature of the Barbados National Bank, I cannot afford to lose my \$76. So I am not going to say anything here which would cause the Bank to go into liquidation.

Now some time ago, a statement was made in the local Press purporting to quote the Prime Minister of Guyana to the effect that the Government of Guyana was bankrupt. There are two statements: one bandied about by the members of the governing party about their not being money in the Treasury, and the other about countries being bankrupt, which I would like to refute.

A Government can have an enormous National Debt, but a Government cannot be bankrupt, because, in contra-distinction to the ordinary housekeeper or wage earner, a Government has the ability to get out of its insolvency by imposing taxes on you and me, Mr. Speaker, the taxpayers and rate-payers of the country, either to relieve itself of a temporary or a long-term embarrassment.

If the Prime Minister of Guyana made that statement, it is a very inept statement for him to make. He may have meant that the country had a balance of payments problem and did not have foreign exchange reserves — like the Government of Barbados is now, and has for a long time been deficient of — to meet their external payments. But insofar as the local domestic situation is concerned, no Government or member of a Government.....

Rt. Hon. J. M. G. M. ADAMS: On a point of order, the Hon. Member really must not suggest that the Government of Barbados has ever been unable to meet, through lack of foreign exchange or otherwise, any overseas commitment. I do not think he really meant to say that. (*Asides.*) The Hon. Member is saying it is exactly what he said.

It is so seriously misleading a statement, so damaging to the credit of the island, so destructive of the island's capacity to sustain itself, I really do not think the Hon. Member wants to say that. I honestly do not think he wants to say so.

Rt. Hon. E. W. BARROW: I think I am old enough to know what I want to say, Mr. Speaker, and if the Hon. Member prefers me to say that the Government of Barbados is bankrupt, I prefer not to say so.

If he wants to say it is bankrupt of ideas, it is a different matter altogether, but I cannot say that any Government who knows what running the Government is should ever be bankrupt.

If the Government of Barbados was not short of foreign exchange reserves and was not encountering balance of payments difficulties, as the Hon. Member for St. Thomas has reminded us time and time again, why does he have to go to the compensatory facility of the International Monetary Fund for the second time? Why does he have to borrow money from Orion Bank? He does not have to be ashamed, because he, himself, has said it.

When, two years ago, I warned him of having to go to the International Monetary Fund, he said that he was glad that I reminded the people of Barbados that they were putting Barbados in the position of having to go to the International Monetary Fund, and I told him I was warning him.

Let us not quibble about semantics. I am saying that no Government has any right to say that it is bankrupt, because a Government, whether you like it or not, has the ability to bankrupt the people to pay the Government's debts, bankrupt the taxpayers, bankrupt the people upon whom it relies.

It can bankrupt you, Mr. Speaker, it can bankrupt me by overburdening us with taxation so that we cannot pay our other bills, but it certainly cannot bankrupt itself.

I am saying that the Prime Minister of Guyana, if he made that statement, was inept. I have no proof that he made that statement.

9.05 p.m.

Several years ago, one of the Hon. Members for St. Peter, who is now General Secretary of the Barbados Workers' Union, urged in this Honourable House, on more than one occasion, that the Barbados Savings Bank — incidentally, people referred to it as the Government Savings Bank, it was never a Government Savings Bank. It was the Barbados Savings Bank. There was another similar institution by name of the Jamaica Savings Bank which was established round about the same time for the same purpose, that is, mobilising and safeguarding the savings of small people in this country — and the then Hon. Member for St. Peter urged that the Government allow the Savings Bank to go in for commercial activities.

I opposed it at that time in the same way that I continue to oppose it and will oppose it again even tonight.

My contention was that in a country where there was a large number of commercial institutions catering to the private sector and there were also Government institutions catering to special interests, such as the sugar industry and housing and so on, there was no justification for the people's bank to deal with contaminated portfolios. And I repeat that again.

*A fortiori*, after the Central Bank of Barbados was established between 1970 and 1972 – I cannot remember the exact year, Sir, but over ten years ago – I believe, like the Shah of Persia celebrating the foundation of Percepolis 1 200 years ago ..... (Rt. Hon. J. M. G. M. ADAMS: 2 500 years ago)..... 2 500 years ago, the Governor of the Central Bank celebrated the foundation of the institution, over which he has the good fortune to preside, earlier this year, and I think it was the tenth anniversary of the Central Bank. So, if I say 1972, I would probably be a little more accurate – after the establishment of the Central Bank, there was less justification for any Government institution going in for the normal activities, such as loans for consumer credit and matters of that kind, that the established National Bank of 1978 got itself involved.

Despite the fact that the Savings Bank which people called the Government Savings Bank – the Savings Bank should have become the 'People's Saving Bank' – did not accommodate requests from its depositors or members of the general public for private loans, the Savings Bank had by the time amassed deposits of over \$33 million, which in itself, as far as I am concerned, was sufficient proof that the Savings Bank, which used to be downstairs before we moved it over to the National Insurance building, was able to attract deposits and also – to use an expression employed by the Member for St. Michael Central – "hold Government paper".

All that means is that the Savings Bank, itself, used to invest in national development bonds and Government bonds from time to time, and in short-term securities such as Treasury Bill. There is nothing wrong with that. But, when I was Minister of Finance, the Board of the Savings Bank made sure that it held a portfolio which was not exclusively devoted to holding Government paper, because that would be tantamount to taking in your own laundry.

Now, in 1976, as was adverted to earlier here today, the Minister of Finance – I take it he was responsible for it – said that he was going to amalgamate all the Government's financial institutions, including the Agricultural Credit Bank, the Sugar Industry Agricultural Bank, the Development Bank and the Central Bank of Barbados, and so on, to save administrative costs, giving only a reassurance that the jobs of the persons in the lower eche-

lons of those institutions will not jeopardised, but the management, inefficient management, will have to go. This is contained in the Manifesto of the Barbados Labour Party.

We extended no such prognostications or hopes to the general public at election time, because, as far as I am concerned, the Barbados Sugar Industry Bank was functioning efficiently. The Barbados Agricultural Credit Bank, which in 1961, replaced the Peasants' Loan Bank, was functioning efficiently.

As a matter of fact, it is ironical that at the time that the bank which catered to farmers who held 25 acres or less was liquidated, abolished, put into limbo, and completely wiped off the map, was the same year when that bank had turned the corner and was able to show a profit of some more than \$250 000 – the Country Road Bank, as we used to call it.

Then, we had the Barbados Development Bank, which, probably because of the identity of the Chairman, has managed to retain its integrity as a separate institution. Whether it has managed to retain its integrity in other respects, I am not prepared to investigate at this moment.

Now, the Sugar Industry Agricultural Bank looked after what we called the plantations – (*Asides*). (I hope you are not listening to asides, Sir, because I am not listening to them. We have a limitation of time here, Sir) – and, I would like to question a remark made by the Rt. Hon. Member for St. Thomas, the Minister of Finance, here earlier this evening, when he stated that the Sugar Industry Agricultural Bank had a first charge on all the property of plantations to whom it lent money – I am paraphrasing what he said – and that when the National Bank took over, that the National Bank did not demand such security, but one of the purposes of the legislation, which is being introduced at the time and probably at a later time, would make sure that the Government has a first lien, through the National Bank, on any loans which may be advanced to the sugar industry.

Now, Mr. Speaker, they speak about political interference. The Sugar Industry Agricultural Bank, when other people took their money that they got from the British Government and distributed it amongst the plantation owners, Barbados took that money and set up a kind of revolving fund for cultivation loans and the House of Assembly invigilated that by appointing members to the Board of the Sugar Industry Bank.

As far as I know, I have heard no complaint, despite the fact that there were members, both of the Opposition and the Government, whatever the com-

plexion of the respective sides of the House from time to time, that there was any political interference, — despite the fact that the Board comprised members of the House of Assembly.

But they left the sort of formulation to the staff, highly unskilled though they were, but somehow or the other the Sugar Industry Agricultural Bank managed to advance money for cultivation expenses from time to time.

Sometimes, the plantations could not pay back in the same year that the money was advanced, and you were hearing the expression used that they had 'a lock up from last year', meaning that they had a loan in respect to the previous year's crop which had not been fully paid off. It merely meant that in the succeeding year, the policy of the bank was that they would probably reduce the amount of money advanced.  
9.15 p.m.

As far as I am concerned, the Sugar Industry Agricultural Bank could have done with a little more professionalism. But, by and large, it functioned.

The Agricultural Credit Bank, whose objects, set out in Chapter 321, I believe, of the Laws of Barbados, included perfection of titles, which was something we had to look at very closely, because, at one time, due to the personnel on the Board, they interpreted this very widely to mean that they could lend money to the civil servants and other persons to buy land. That is how they interpreted "perfection of titles."

I am saying this is a positive fact. I don't want to call names, and I could call names. They interpreted perfecting titles as advancing money to persons, including civil servants to buy land, and I had to draw to the attention of the members of the Board that this was not my interpretation of lending money to perfect titles.

What I felt was intended was that when a person came for a loan and their title deeds were not in order, you could advance him, in addition to the loan for cultivation, money to get the title straightened out.

The point I am trying to make is that because the Democratic Labour Party had not amalgamated the institutions, the Barbados Labour Party felt that this was a good election gimmick to show how they were going to be efficient, and how they were going to save money, by putting all of these things under one umbrella, as it were, under one institution, and this was going to be an enormous factor insofar as efficiency in saving money and inefficiency was concerned.

Now the point I am making is this: that was never my view. My view was that Barbados was well provided

with both private investment institutions and Government. We had to set up a sugar industry bank because of the special relationship that sugar had to the economy. We had to set up our peasants loan bank because the commercial banks did not like to entertain our people who could not impress them that they were sort of efficient entrepreneurs, let me put it that way.

What I mean is that if a fellow came in with an old khaki jacket and some big boots, and said that he wanted a loan, the average people, like Barclays Bank, were not indoctrinated with the mystique of popularism. I am putting it as politely as I would like to say.

One of the most reactionary organizations in the whole of the Commonwealth, and still is, is Barclays Bank. So they would not entertain the fellow with a half quarter of land somewhere in Boscobelle or Indian Pond or even in Glenburny in St. John, far less Indian Farm or anywhere like that.

So when the previous Government set up the present loan bank, in the 1950s — well, even before the 1950s — it was a good idea. In 1961, the scope was enlarged from ten to 25 acre holdings as agricultural credit.

Now in all of their years, they did not make a lot of money. As a matter of fact, one of my complaints was that they did not lend out enough money.

In one year, the administrative expenses of the Agricultural Credit Bank — It may be \$20 000 or \$30 000 out on one side — I don't want members to waste time tonight by taking me on on that — but let us say it was \$250 000, and the total amount of loans that they had made in that year was \$238 000.

I said, 'What kind of institution is this? You pay a staff \$250 000 to lend out \$238 000? You better let them come to me and you won't have to pay me any more money. I will ask one of my Permanent Secretaries to investigate and we can do the same thing on this inside here, because this is costing too much from the cost efficiency point of view? It was not that it did not cost that amount of money, when you know the Government Service, to administer the thing, but there was so close that they were not lending out enough money. That is the only complaint that I have against them.

It may be that these peasants did not need a lot of money in those days. But I think one of the problems was that they tended to ask people for "papers" — you understand what I mean, Mr. Speaker — "papers".

When people came here from the United States to set up a big industry, or saying that they are going to set up an industry, and borrowing a big lot of money, they

never asked them for any papers. I don't mean the same bank, but other institutions. And this is one of our defects in Barbados.

They were lending out small amounts, and that is the only complaint — not the question of efficiency. As far as the Savings Bank was concerned, \$33 million in deposits and not a single loan to anybody outside of the Government.

I am saying this, Mr. Speaker — I was always opposed to it, and I am still opposed to it — sending home 40 people that you have had on a hit list for over two years is not going to solve any of the problems, because the functions being performed by the so-called Barbados National Bank is only a lot of glorified advertising.

It is not a function that could not be performed efficiently by the other institutions, independently, at a lower cost which we have in Barbados — and that is the whole case in a nutshell — because the admission by the Minister here tonight discloses that their expenses rose from \$1.5 million to \$10 million. And you have destroyed complete rationale exhibited in the Manifesto of 1976, when you said they were going to get rid of top heavy management.

The Minister said — last week, I think — something about a definitive statement about nationalization being made by me, when we were discussing things like the public utilities. I still feel the same way. It is not their fault; it is not our fault. The Public Services in the British Empire are notoriously and eminently ill-equipped to run any commercial undertaking efficiently, and that includes the United Kingdom.

This is not a valedictory address for the private enterprise at all. The point is that the whole educational system, the whole way that we bring people through the Public Service, the incentives in those kinds of things, as some other Hon. Member has adverted to here tonight, does not exist. Even the Hon. Minister of Finance has adverted to the fact that they being fire-proof does not promote the kind of efficiency for running these institutions in competition with the private sector whose bread and butter depends on it.

These are things which we should leave to the private sector. Let them make the money and let us tax them. Let us control them, like we control the Central Bank. But we are never going to bring the National Bank out of this situation. The taxpayers now have to support the National Bank; the Central Bank has to support the National Bank — and they will always be dealing with contaminated portfolios.

I do not wish to take — I am bringing my speech to a close.....

Mr. SPEAKER: More than two minutes more.

Rt. Hon. E. W. BARROW: I don't think that I will be that long, Sir. I just want to say this. Insofar as the Central Bank/National Bank is concerned, the Central Bank will now always have to be supporting the National Bank.

Getting rid of staff that you don't like, and now shifting the responsibility on the staff, is not being fair because this was the creation, the creature, the brain-child, of the Hon. Minister of Finance. It has now blown up in his face and he is asking us now to give him authority to get rid of people so that he can make it efficient.

I regret to say, Sir, that that money is money thrown down the drain, as far as I am concerned, as soon as we revert to the position where we have participation, even by Members of Parliament, as we did before, on these Boards.

Let us divest ourselves of the monolithic structure of the National Bank and have Members of Parliament invigilating on behalf of us in here on the membership of the various Boards. I don't think there was ever a single complaint that any Member of Parliament ever used undue influence in order to even get one of his constituents sort of granted facilities to which he was not entitled, or even entitled. I have never once heard that accusation.

9.25 p.m.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, I do not think any other Hon. Member wishes to speak, and I would wish to wind up the debate at this stage.

It is remarkable Mr. Speaker. I have listened to a great number of speeches, and I listened carefully to the speech of the Leader of the Opposition, quite convinced, after hearing him for ten minutes, that he had very little to say about either the Bill or the bank, but discovering, at the end of the speech, that I have made more notes to answer what he has said than what all other Hon. Members, put together, said, because, in fact, he has outlined the difference between the two political parties over the National Bank.

As he accuses me of having a hit list for two years to deal with the people at the National Bank, I will accuse him of making a speech which indicates that he intends to deal with the whole National Bank, because, at least according to him, I may only want to send home a few, but, equally according to him, he wants to send

home all, because he does not think that the bank should be in existence at all. The employees at the bank can judge which policy they prefer.

To return to earlier speeches, I listened very carefully to the speech of the Hon. Member for St. Michael South Central. There was a great deal in it about spreads, debentures, general policy and an enormous volume of misinformation about the sugar industry.

He gave praise to the President of the Barbados Manufacturers' Association, for which I do not think the President will thank him at all. I think he will spend many sleepless nights wondering what he has done to cause the Hon. Member to praise him.

I listened to other speeches. The Minister of Agriculture made a point which he puts, and the Governor of the Central Bank put, and a couple of others, for a separate agricultural banking institution.

Undoubtedly, a separate agricultural banking institution would be to the good of the balance sheet of the Barbados National Bank. That, however, is not a sufficient reason for making a separation at this stage.

I have no wish to burden a young Minister with the administration of a banking institution in times of great difficulties like these, especially when it would make my Ministry a good deal more comfortable. I am quite happy to keep the burden on my shoulders for a little longer, while the matter is investigated in greater depth.

In passing, I may mention that the Central Bank does put this point of view and has expressed the wish to be allowed to finance a new agricultural institution. The matter remains under consideration, but the decision at the moment remains unchanged.

Other Hon. Members have spoken. The Hon. Member for St. Michael Central struck some shrewd and telling blows, and the inadequacy of the shield of the Hon. Member for St. Michael West was, in the circumstances painful.

But the Hon. Member for St. Michael West, in the course of his speech, did say something which merits a response. He said that the Minister cannot now criticise the bank for its staffing policies.

That is entirely to misunderstand the burden of the early part of my speech which was to the effect that the Minister of Finance was crippled in respect of staffing, because, as a matter of policy, the staff structure and the personnel to be put in place in that structure, were not included as subjects over which the Minister of Finance has any control. And I said, as a fact, that the Board

proceeded to set up a staff structure without any reference to the Minister of Finance.

If anybody in here thinks that I would have agreed in January 1981 to appoint a Staff Manager, in whom I have the most profound distrust, and who caused me, when I heard that he might be having something to do with accounts, following complaints of the Hon Member for St. Andrew, to write to the bank to say that I would have to take my account away if he ever saw it — if there is anybody who thinks that I would have approved his appointment, approved the payment to him within three weeks of his appointment of \$90,000 for a house loan and a further \$15,000 a couple of weeks subsequent to that, that person's head should be examined.

It was done against my wishes — I do not hesitate to say so — and it represented very nearly, as far as I was concerned, an exercise in irresponsible creation and filling of a post.

I can criticise the staffing, because no power was taken to control it. I deliberately did not control it. To the extent that my judgment may have been mistaken in not taking the power in the first place, you can criticise me, but I accept no criticism for the swollen size of the bank or the personnel who have been installed in any given positions.

Now, I come to the speech of the Leader of the Opposition. First of all, it is not true that Barbados has no foreign reserves to meet its debts.

The Leader of the Opposition, without admitting to having made a statement that was unfortunate, corrected himself after I made my objection, and I have no quarrel with what he said afterwards. I sincerely hope that what he said afterwards will go down in the published records rather than what he said earlier.

Barbados has never defaulted in any way in any of its foreign obligations, nobody has ever been unable to get cash from the Central Bank.....

Rt. Hon. E. W. BARROW: I never said that Barbados.....

Mr. SPEAKER: On what do you rise?

Rt. Hon. E. W. BARROW: On a point of elucidation, Sir, I am being misquoted.

I never at any time said that Barbados had defaulted, but I did say that if Barbados had money to meet its external commitments it would not have had to go to the International Monetary Fund for compensatory financing for the second time, and he says that I corrected what I had to say. (Hon. L. S. CRAIG: No, you

did not). You would not have understood it even if I had said that. I cannot bother with you.

Rt. Hon. J. M. G. M. ADAMS: What the Hon. Member has just got up and said, I thank him for. That is the correction he offered. He spoke about going to the IMF twice, after I rose, and I am thanking him for it.

I may have had to make comments in and out of Barbados about a liquidity situation that is developing because too much of our foreign reserves, \$60 million of it, is tied up in the Caribbean Multilateral Clearing Facility. But that is being dealt with, and any suggestion that Barbados is comparable to Guyana is the kind of suggestion I do not think the Leader of the Opposition was trying to make.

The Hon. Member for St. John, the Rt. Hon. Leader of the Opposition, is against the Barbados National Bank because he said that the previous institutions were working quite well.

This is a policy matter. The public voted for us and the Barbados National Bank in 1976, and they voted for us and the Barbados National Bank in 1981, and they will vote for us and the Barbados National Bank again.

I hope the Hon. Member holds his opinions with the same force and eloquence at the next hustings, as he has held them on previous occasions. He went so far on a television broadcast as to produce a book to prove how mistaken were the far-sighted prospective economic policies of the Barbados Labour Party in 1976. The result is well known.

The Agricultural Credit Bank was not an institution working properly when we took it over. The Hon. Member not only made the point, but he made my point as well, because it had degenerated to the stage where it was lending out money to buy land, and, as the Hon. Member knows, heads rolled, more heads, perhaps, than he is aware of, and that was indeed one of the reasons why I considered that a wider umbrella was needed to protect the funds of the Agricultural Credit Bank, the funds which should have been available for loans to the class of country proprietor known as peasants, than was being afforded by the then structure of the bank.  
9.35 p.m.

The bank had had no money to lend the peasants for a long time, because it had been lending money for buying land. And the reason why it was making money out of lending for buying land is that the sums of money which it was lending out were large and interest was being paid on them, as a number of Members of the House, past and present, will be able to attest.

Now, to the Sugar Industry Agricultural Bank. The Hon. Member led us right up to the point of saying that

the political element in the management was responsible for its success.

To tell the truth, when I look back at it, Mr. Speaker — it has now reached the stage where some of the loans to the plantations will be of such a size that they will have to come to the Minister of Finance for approval — and when I look at the policy, perhaps I regret that there has not been a political element involved in making the loans to the Sugar Industry Agricultural Bank that was present in the past.

Certainly, I hope to uphold the tradition of the Hon. Members who for seventy years from this House sat in the SIAB when I come to consider my responsibilities under the Act in approving the very substantial loans that some plantations now need.

The BDB. The Hon. Member paid some tribute, left-handed and around the corner, to the present Chairman of the BDB. I thank him for his kind words on behalf of my appointee.

I think the Barbados Development Bank, undoubtedly, is a phenomenal success story. What it has done for small business could not have been believed previously.

The hon. member mentioned integrity in politics. I remember looking at a list of the bad debts of the Barbados Development Bank when I inherited its administration, and I saw there the Hon. Member for St. Philip North, his brother and his sister, the Hon. Member for St. Michael South, Bath Plantation, the former Hon. Member for St. Andrew — all those are among the bad debts that I found. (A VOICE: The Hon. Member for St. Joseph.) The Hon. Member for St. Joseph. All those are among the bad debts that I found. You will not find a bad debt of a politician since 1976. You will not find that.

The Barbados Development Bank, whose staff structure and whose individual appointments are controlled by the Minister of Finance, has a better loan record, not only that of the Barbados National Bank, but the commercial banks, generally, in Barbados.

And when you talk about political interference, understand that political interference, if you want to call it that, has made the Barbados Development Bank, not only a viable development institution, but a viable financial institution. And if we had a little more of that in some other places we might not have had the problems that we have today.

The last point which I would have to pick up from the speech of the Leader of the Opposition is that he said taxpayers have to support the National Bank. That is not true.

There is not one penny of taxpayers' money in the National Bank which has been lost. When the National Bank has bad debts, its available funds shrink. It does not have the money to lend to people.

The National Bank is not in a position that its deposits cannot be met, apart from being guaranteed by the Consolidated Fund. But we are so far away from any question of that that it is ridiculous to speak of taxpayers having to support the National Bank. That is not true. It is not supported from anything. It may be supported by as a guarantee.

I should not expect the Leader of the Opposition to spend his time reading the Bill carefully — although I saw he opened seven Laws of Barbados to find the Sugar Industry Agricultural Bank — all he had to do was to ask me and I would tell him where to find it — but he obviously has not read the Act, otherwise he would not say that the Bill gives authority to get rid of people.

There is no such authority in the Bill. I said in my speech I was not seeking it at this stage, but I would seek assurances from the Board.

Mr. Speaker, that, in effect, concludes my reply, except for very few words that I would say about the sugar industry and its relationship to the bank.

Evidently, we are now, once again, going to have a political division in this island between those who believe in sugar and those who wish to attack sugar.

In my opinion the root of it all does not lie in the caneblade speech of 1964, which was merely mistaken, but which I do not think at that stage was based on a conscious wish to destroy the sugar industry because of its history.

I think it was an ebullient, mistaken statement derived more from the prospects of tourism and the excitement of an expanding economy than some malevolent wish to drag down the plantation owners and seal them in the dust.

I cannot however entirely absolve successive statements from such oblique, unwise and dangerous motives.

Many people's motives are obvious the manufacturers, no doubt, want more money for manufacturing.

Manufacture is a good deal more sheltered and subsidised than the sugar industry. I wonder if the President of the Manufacturers' Association would like me to say, "All right, the sugar industry must get no help from the Government."

Well, the manufacturers will get no help either. No more duty free items, no more protection, no more

import licensing. Pay for your raw materials, and let us have garments from Taiwan and all over the world. Good-bye to the Manufacturers' Association, if they do not have duty free imports and if they do not have protection from the Government.

I never heard more ridiculous nonsense in all my life. It only tells you something of the quality of people who want to see their names in print and the unfortunate effect that they can have on well-meaning youngsters whom they put into the chair from time to time to obscure their own ignorance.

Gasohol suits countries with 10,000 square miles of virgin land. Nobody could possibly think that to produce alcohol at something like one-quarter the efficiency of sugar could be economical for a place of limited land size.

And all the other arguments, the technical arguments about producing more sugar on less land and that kind of thing.....Mr. Speaker, the Hon. Member for St. Michael South Central must really understand that when he spends a weekend being briefed by somebody whose financial acumen in some areas may be good, and access to information is total, he cannot expect, even if that person's judgment was completely sound, to have a full grasp of an industry that has taken 300 years to develop in Barbados.

We sit down in here and week after week for two years we marshal the argument. People marshal them, we listen to all the arguments. The Minister of Agriculture spends a year in office with all the information available to him and cannot be so dogmatic as the Hon. Member for St. Michael South Central. I really have to say with, I forgot who it was, but I think it was Winston Churchill, I wish I knew as much about anything as the Hon. Member does about everything. I think he said that at a feast.

Mr. Speaker, I can only recommend this Bill to the House, and I beg to move that it be now read a second time. (*Applause*)  
9.45 p.m.

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 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.*

## COMMITTEE

Mr. CHAIRMAN: The House is in Committee.

*Clauses 1 and 2 inclusive were called and passed.*

*Clause 3 was called.*

Rt. Hon. J. M. G. M. ADAMS: An amendment has been circulated to Clause 3, and I beg to move that the amendment stand part of Clause 3, and that Clause 3 as amended do now stand part of the Bill.

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

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

*Clause 4 was called and passed.*

*Clause 5 was called.*

Rt. Hon. J. M. G. M. ADAMS: I beg to move, Sir, that with the amendment of the word "others" for "other" that Clause 5 do not stand part.

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

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

*Clauses 6 to 7 inclusive were called and passed.*

*Clause 8 was called.*

Rt. Hon. J. M. G. M. ADAMS: In Clause 8, there is a grammatical error, Sir. There is only one part of Clause 8, therefore the number one is not required and I beg to move that that be deleted. Sir, it should just read 27, instead of 27(1). I beg to move, Sir, that Clause 8, as amended, do now stand part.

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

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

*Clause 9 was called and passed.*

*Clause 10 was called.*

Rt. Hon. J. M. G. M. ADAMS: I beg to move, Sir, that the following Clause be inserted as Clause 10:

"The principal Act is amended by deleting subsection (2) of section 31 thereof."

I beg to move that the new Clause 10 do not stand part, and the marginal note, "Amendment of Cap. 322A."

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

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

*Clause 11 was called.*

Rt. Hon. J. M. G. M. ADAMS: I beg to move that Clause 10 published in the Bill be renumbered Clause 11 and Clause 11 stand part.

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

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

*Clause 12 was called.*

Rt. Hon. J. M. G. M. ADAMS: I beg to move that Clause 11 be renumbered Clause 12 and that Clause 12 as amended stand part.

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

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

*The First Schedule was called.*

Rt. Hon. J. M. G. M. ADAMS: I beg to move, Sir, that the new First Schedule as amended by the circulated amendment do now stand part.

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 Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. Dr. R. L. CHELTENHAM, Mr. CHAIRMAN reported the passing of one Bill in Committee with amendments 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 as amended was read a third time and passed.*

Mr. SPEAKER: There are four Hon. Members on their feet.

#### ADJOURNMENT

Hon. L. S. CRAIG: Mr. Speaker, that brings us, Sir, to the end of Government Business for this evening and I would like to say thanks to the staff of Parliament for going through what I would consider this first sitting for the year before we go into recess, Mr. Speaker.

I believe both staff and Members of Parliament are going to be very grateful for this long holiday, which they are entitled to, and I sincerely hope that when they come back, they will have their batteries well charged.

I am quite sure the Rt. Hon. Leader of the Opposition may probably take his journey out to Miami to recharge his batteries, Sir, and lecture at the University of Florida or wherever it is, Sir.

Sir, without any further ado, I beg to move that this House do not stand adjourned until September 14, 1982 at 12.00 o'clock noon.

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

*The question was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the sitting accordingly at 9.55 p.m.*  
9.55 p.m.