
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1981 – 86

HOUSE OF ASSEMBLY

Wednesday, March 31, 1982.

Pursuant to the adjournment, the House of Assembly met at 4.10 p.m. Wednesday, March 31, 1982.

PRESENT

His Honour W. C. B. HINDS, J.P., (Speaker); Hon. L. S. CRAIG, (Minister of Parliamentary Affairs and Leader of the House); Hon. H. B. St. JOHN, Q.C., LL.B., (Deputy Prime Minister, Minister of Trade, Tourism and Industry); His Honour C. L. BOLDEN, LL.B., (Deputy Speaker); Mr. L. E. SANDIFORD, M.A., (Econ.); Hon. Miss B. A. MILLER, (Minister of Education); Hon. L. B. BRATHWAITE, (Minister of Health); Mr. J. G. ODLE, BSc., (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.); 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. P. M. GREAVES; Mr. R. E. BRATHWAITE; Hon. Dr. D. G. BLACKMAN, (Minister of Transport and Works); Mr. L. A. WEEKES; Mr. M. A. KING; Mr. W. O. FRANKLIN, A.I.A.S., J.P.; Mr. N. K. SIMMONS; Mr. H. A. BLACKMAN and Mr. A. TRUSS.

Prayers were read by Archdeacon F. A. Cayless.

Hon. H. deB. FORDE entered the honourable Chamber and took his seat.

ANNOUNCEMENTS BY YOUR HONOUR

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

PAPERS LAID

Hon. L. S. CRAIG: Mr. Speaker, on behalf of the Minister of Finance and Planning, I am commanded to lay the following:

Amended statement showing Net Customs Receipts for nine months ended December 31, 1982.

Statements showing Net Customs and Excise Receipts for ten months ended January 31, 1982 and for eleven months ended February 28, 1982.

The Economic Report, 1981.

The Post Office (Licensed Vendors of Postage Stamps) (Amendment) Regulations, 1982.

On behalf of the Honourable Minister of Labour, Social Security and Sport, Mr. Speaker, I commanded to lay:

The Report of the National Training Board for the year ended March 31, 1981.

Hon. Dr. D. G. BLACKMAN: Mr. Speaker, I am commanded to lay the following:

Statement showing sums advanced to the Postmaster General for the payment of Money Orders for the month of January, 1982.

GOVERNMENT NOTICES

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

A Resolution to approve the lease to Adams Construction Limited of a parcel of land at Lodge Hill, St. Michael.

A Bill to amend the Income Tax Act.

A Bill to amend the Petroleum Winning Operations Taxation Act, and,

A Bill to authorise the Government to borrow from the Government of Canada for the purposes specified in the Act an amount of money not exceeding the amount specified and for related purposes.

Mr. L. E. SANDIFORD: Mr. Speaker, I think there has been an error here, because under *Documents Laid*, the distinguished honourable Leader of the honourable House referred to an amended statement showing net Customs receipts for nine months ended December 31, 1982.

I doubt very much that the Government would have collected revenues from Customs or pre-collected those revenues down to December 1982 so I think the honourable Leader would wish to amend his statement.

Hon. L. S. CRAIG: Thank you very much. Mr. Speaker, also under *Documents Laid*, my colleague, the honourable Deputy Leader of the Opposition would see where the Economic Report says 1982. It should be 1981, and I am very grateful to him for drawing this to my attention. The year 1981, Sir, should be the correct year. It is a typographical error.

Thank you very much.

FIRST READING OF BILLS

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that a Bill to amend the Income Tax Act be now 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.

Hon. L. S. CRAIG: I beg to move, Sir, that a Bill to amend the Petroleum Winning Operations Taxation Act be now 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.

Hon. L. S. CRAIG: I beg to move, Mr. Speaker, that a Bill to authorise the Government to borrow from the Government of Canada for the purposes in the Act an amount of money not exceeding the amount specified and for related purposes be now 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.
4.20 p.m.

ORAL REPLIES TO QUESTIONS

Hon. L. S. CRAIG: Mr. Speaker, I beg to give notice that the reply to Parliamentary Question No. 13 asked by the honourable Member for St. James South is now ready.

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

GOVERNMENT BUSINESS

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that Government Business be the instant order of the day.

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

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

FINANCIAL STATEMENT AND BUDGETARY PROPOSALS

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker,

Since I delivered the last Financial Statement and Budgetary Proposals exactly one year ago today the storm clouds which were at that time gathering over the international economy have darkened. On that occasion I warned against complacency and stressed that "the world around us in the next two to three years is not going to be a particularly comfortable place for developing countries." Few, however, could then have foreseen the depth and persistence of international recession and its consequential traumatic effects, particularly on small economies such as ours which are so highly integrated into the international economic system.

Indeed, the economies of our major trading partners in North America, Europe and the Caribbean remain in deep trouble. Nine and one-half million unemployed in the United States, one million in Canada, over three million in the United Kingdom and two million each in West Germany and France for a total of over twenty-eight million unemployed in the highly industrialized countries. Rates of unemployment as high as 12% of the labour force are being experienced in some of these countries, rates which since the Second World War have come to be associated only with the Third World. Lest those who interpret everything in ideological terms conclude that this is the final crisis of the free enterprise system, we need to look no further than the disarray and chaos overcoming parts of eastern Europe, as bankruptcy threatens more than one COMECON country, to understand that we are confronted with a global phenomenon. The period of continuous growth of output and international trade which characterised the three decades since the Second World War has come to an end. The reasons for this are many and complex, but they are rooted in the times when the availability of cheap energy and raw materials created an impression that resources were totally elastic in supply and that we could satisfy all our wants at the same time. The world is now being made to realise differently.

International Economic Developments

In a sense, 1981 was a memorable year for the global economy, to the extent to which it raised memories of the economic tumult and distress of the early 1930's. The previous two years had been marked by a down-turn in real growth, an upsurge in unemployment, rampant inflation, and a contraction in world trade following the oil price increases of 1979. These trends, with the exception of the inflation rate, were carried over into 1981. Commodity prices also slipped further downward. To make matters worse, economic stabilisation policies in the major economies were rendered ineffective by the instability brought on by high rates of interest and the volatility of exchange rate movements of the major currencies.

The Eastern Bloc communist countries, members of the COMECON economic grouping, normally considered to be areas of planned stability, showed themselves to be fully subject to the economic disorder that Marxists claim to be the special reserve of capitalist systems. The Polish economy buckled under the strain of its massive debt burden and falling production and at the end of the year, the Romanian economy was poised on the threshold of similar economic distress. Major economic tensions came to the fore in the Soviet economy, in the face of a continuous series of bad harvests and shortfalls in the production of consumer goods. Sales of Russian gold in order to realise

foreign exchange for the Eastern bloc have been so substantial as to plunge that metal's price down almost to the \$300 per ounce mark to which it once seemed it would never again have fallen.

Real GNP increased by about 1% in the OECD countries as a group, with most of the growth being achieved in the first half of the year. Once again, Japan performed better than other industrialised countries, but the Japanese growth rate of 3.7% was below the 4.2% increase in GNP achieved in 1980, and the yen has dropped substantially on the foreign exchange market. The USA managed to attain only a 1.8% rate of growth, while the Canadian economy registered a modest improvement, with a growth rate of 3.2%. The European economies were in general areas of recession with the West German economy declining by 0.5% and the British by 2.8%.

The surge in unemployment rates was perhaps the most striking feature of economic distress in the major economies during 1981. I have already mentioned the numbers. In the United Kingdom, the rate at the end of December was 11.5%, while the USA ended the year with an unemployment rate of 8.4%. West Germany and France recorded rates of 7% and 7.6% respectively, in marked contrast to the 4% to 5% rates which have been the norm in recent times. Japan and Switzerland were the only developed countries to avoid an unemployment crisis, with rates of 2% and 1% respectively.

The one bright spot on the international economic horizon was the indication that the inflationary surge of the two previous years was abating. The USA rate dropped from 12.7% in 1980 to 9.5% in 1981, and except for the case of the UK (11.3%), inflation rates in the major economies were brought down to single digits. Major contributory factors to this trend were the fall in oil and food prices, and moderate wage settlements.

As the recession deepened in the major developed economies during 1981, commodity prices stagnated, except for cocoa. Of immediate interest to us in Barbados, the price of raw sugar on the London daily market fell from £310 per tonne at the beginning of the year to only £180 in December.

An additional area of concern at the international level during 1981 was the prevalence of very high interest rates in real as well as nominal terms, reflecting the preference for tight monetary policies as the main weapon in the battle against inflation. Prime lending rates in excess of 15% were the norm in the USA, the UK and Canada, and in France and West Germany the prevailing rate was in the vicinity of 14%.

Regional Economic Developments

The poor performance of the International Economy was matched in the Caribbean Region. Weak performances were put up by nearly all CARICOM economies in 1981. This was also mainly due to the recession in the industrialised countries but domestic factors such as unfavourable weather conditions, production difficulties and problems of national economic management played their part as well. Current indications are that total output declined in most of these countries during 1981 with the exception of the oil producing state of Trinidad and Tobago. The reduction in receipts from the region's major export sectors had serious complications for external accounts, as current account deficits widened and international reserves declined.

Regional *sugar* production fell by 8.7% below the figure for 1980, but except in Jamaica, the banana industry regained momentum after the natural disasters of 1979 and 1980. *Bauxite* production declined due to decreasing demand for aluminium in the world markets. *Tourist* arrivals in the major Caribbean tourist destinations declined mainly as a result of the recession, and crude oil production in Trinidad and Tobago for the first six months of 1981 was 10% below the level for the corresponding period in 1980.

During 1981, consumer prices rose at a slower rate than in 1980. In Guyana the inflation rate decreased from 22% to 21.4%. In Trinidad it was 14.3% and in Jamaica the rate fell sharply from 26% in 1980 to 6% in 1981.

Balance of payments problems continued to be a feature of most countries and at the end of the year under review some four CARICOM countries either had on-going agreements with the International Monetary Fund or were engaged in negotiations with that organisation.

The Barbados Economy in 1981

The extent to which the performance of the Barbados economy in 1981 was affected by the recession which continued in the industrialised countries, and by domestic factors which led to a substantial reduction in agricultural output, can be seen in the figures. Real output contracted by 2.6% in 1981 as compared with an average real growth rate of 5% for the previous five years. Provisional data indicate that the Gross Domestic Product at factor cost in current prices increased from \$1.49 billion in 1980 to \$1.647 billion in 1981, an increase of 10.5% as compared with increases of 25.2% in 1980 and 21.7% in 1979. Per capita GDP in 1981 was estimated to be \$6 574 Bds., an increase of \$591 over the 1980 figure of \$5 983.

The decline in real output was concentrated almost entirely in the major export sectors (Sugar, Tourism and Manufacturing), whose strong performance in recent times had been the driving force behind the expansion of the economy. The domestically oriented sectors however, particularly construction and distribution, generally remained buoyant, although the real rates of growth were lower than those achieved in recent years and could not compensate for the decline in the external sectors.

Sugar production declined by 30% to 95 000 tonnes in 1981. This was mainly due to the late start in harvesting the crop and to unseasonal weather conditions. Sugar's GDP value declined from \$94.2 million to \$70.7 million, a decrease of almost 25% as compared with a 47.1% increase in 1980 over 1979. The average price obtained for sugar exported was \$973 per tonne as compared with \$1,035 per tonne in 1980 while production costs increased by almost 30% to \$1 106 per tonne of sugar.

The "Other Agriculture and Fishing" sector registered moderate growth in 1981 with the value of output rising at current prices by 11.6% compared to an increase of 9.7% in 1980.

The contribution of the Agricultural Sector to Gross Domestic Product fell from 9.6% in 1980 to 7.7 in 1981.

Tourism

The number of long stay visitors to Barbados fell by 4.7% in 1981 and the average length of stay also dropped from 10.2 days in 1980 to 9.5 days in 1981. The decrease was due mainly to a fall-off in tourists from North America. Visitors from the United Kingdom increased by a record 28.2% to overtake Canadian visitors and to reach the figure of 72 092 or 20.4% of the tourist arrivals. The value of output in the Tourism sector in nominal prices rose from \$175 million in 1980 to \$194.4 million in 1981, an increase of 11.1% as compared with increases of 31.3% and 21.5% in 1979 and 1980. In real terms, output in the tourism sector declined by 9.1%. Gross tourism receipts, that is tourist spending in Barbados increased from \$502 million in 1980 to \$526.9 million in 1981, but when the amount spent by Barbadians from travelling abroad is taken into account the net tourism receipts amounted to approximately \$484 million in 1981 compared to the figure of \$471 million in 1980, since Barbadians increased their spending on overseas travel from \$31 million in 1980 to \$42.9 million in 1981.

The contribution of the Manufacturing sector to GDP was 12.3% in 1981 as compared to 12.5% in 1980. Output in this sector in nominal terms increased from \$186.6 million in 1980 to \$201.9 million in 1981 an increase of 8.3% but in real terms the value of the output fell by 5.5%.

Real growth was recorded in all the other sectors. The construction sector achieved a real growth rate of 4.5%. This sector's share in GDP in 1981 was 7.9% as compared with 7.0% in the two previous years. Both public and private sector construction activity increased during 1981.

The Gross Domestic Product at market prices in 1981 was \$1.9 billion. Personal consumption expenditure accounted for 68%, an increase of 3.3% over the figure for 1980. Government's consumption expenditure although rising in cash terms from \$257.1 million to \$289.3 million remained at 15.5% of GDP. Gross capital formation increased its share of GDP from 23% in 1980 to 25% in 1981. This is an indication that the productive capacity of the economy continued to expand in spite of the recession in the export sectors and I consider that it fully justifies the Government's continuing determination to maintain productive investment by way of capital expenditure.

Employment

Data derived from the Continuous Household Sample Survey which is carried out on a quarterly basis by the Statistical Service show that the average rate of unemployment over the period January to December 1981 was only 10.8% of the labour force as compared with 12.6% for 1980. The total labour force in 1981 decreased marginally from 114 800 persons in 1980 to 114 300 persons. However the quarterly average of the number of persons employed in 1981 was 101 900 persons as compared to 100 300 in 1980, so that on average 1 600 more people obtained jobs during the year under review. Of the number of persons employed in 1981, 58 200 were males and 43 700 were females. Male unemployment, which was 9.2% in 1980, fell to 7.3% in 1981. Female unemployment also fell, from 16.7% in 1980 to 15.1% in 1981.

A comparison of the data for the fourth quarter of 1976 with that for the corresponding period in 1981 show that the labour force recorded a net growth of 10 200 persons or 9.9% but that the total number of persons employed increased from

82 000 at the end of 1971 and 91 000 at the end of 1976 to 102 800 at the end of 1981, an increase of 11 800 persons or 13.0% over the five year period, 1976 to 1981.

Barbados has therefore been able, unlike most developed and developing countries, to *reduce* the level of unemployment during the current recession in the world economy. This has been achieved partly by the high level of expenditure which Government has maintained on its public investment projects and programmes over the last 5 years, especially in the manufacturing sector; and partly by the improved economic climate engendered by Government since 1976, including the removal of unnecessary controls on retail and wholesale trade. Employment in this particular sector has increased by 7 900 persons or 45.7% since 1976.

Prices

Despite the fact that the inflation rate of Barbados' main trading partners decreased during 1981, it appears that rising local costs maintained the incidence of domestic inflationary pressures at least as far as the annual average rate of inflation in Barbados was concerned. This was 14.6% for 1981, a marginal increase over the 1980 figure of 14.4%. However, the point to point increase in the retail price index at September 1981 was only 12.3% over that at December 1980. The Housing index, triggered by a hike in house rents recorded the highest increase during the year of 21.7%. Other sections of the Retail Price Index which recorded substantial increases were transport, 19.3%, due to increased wages and bus fares, medical and personal care 16.4% due to increased medical fees and clothing 12.7%. The increase in the Food and Beverage Section was about the same as in 1980 and was mainly due to increases in the price of vegetables and fruits.

The Barbados inflation rate was below those of Trinidad and Tobago and Guyana which were 15.2% and 21.4% respectively. The average rate of inflation for Barbados' main trading partners, UK, Canada and the USA was 11.4% in 1981 as compared with 14.0% in 1980.

Balance of Payments

In 1981 the Balance of Payments swung from the surplus position that the island has enjoyed over the past three years to a deficit of \$37.6 million. This was a direct result of the fall-off in receipts from our main export sectors. The current account deficit was \$176 million as compared to \$62.9 million, \$38 million and \$11.7 million for the three previous years. Although there was a substantial increase in the inflows of private sector long-term capital and the public sector project funds in 1981, these were insufficient to finance the gap. The Government was forced to raise a loan on the Euro dollar market and the Central Bank had to draw heavily on its short and medium term lines of credit with foreign banks to maintain a reasonable level of foreign exchange reserves. The foreign reserves increased by \$16.3 million at the end of 1981, compared to a growth of \$25.4 million at the end of 1980.

Total foreign exchange receipts from exports and net services and transfers decreased from the revised figure of \$1.02 billion for 1980 to \$971.0 million for 1981, a decrease of \$41 million or 4.1%. Exports of sugar earned \$74.6 million as compared to \$104.3 million in 1980 and net earnings from Tourism increased by only \$13 million or 2.8% in 1981. Manufactured goods earned less than in 1980.

The country's import bill for 1981 amounted to approximately \$1.13 billion an increase of 5.9% over the figure for 1980 but fortunately this was a much lower percentage increase than the 35.6% and 24.8% recorded for 1979 and 1980 respectively. This slower rate of growth in imports was due, in part, to the monetary and fiscal measures introduced during the year which led to the contraction of spending on imported consumer goods. Machinery and transport equipment, the largest single category of imports accounted for 24.7% of total imports while manufactured goods, lubricants, minerals and fuels, and Food accounted for 18.8%, 17.2% and 14.4% of total imports respectively.

The effects of the recession in the industrialised countries on the Barbados economy were clearly reflected in the large current account deficit recorded in the balance of payments for 1981.

Economic Prospects for 1982

This then Mr. Speaker is the sombre background against which this year's budget is being presented. Available evidence indicates little expectation of recovery in 1982 in the international economy or in the economies of Caribbean countries. Even in Trinidad the Government has had to warn of possible economic difficulties during this year. Unemployment in the OECD countries (except Japan) is projected to rise further, output will remain depressed and unless the fiscal deficit in the United States can be contained below the anticipated level, interest rates which turned down in the last quarter of 1981, could peak again at or near last year's record levels.

The Barbados economy is bound to be profoundly affected by these developments. In both 1975 and 1978, when one of our leading sectors in each year – tourism in 1975, sugar in 1978 – suffered a decline in output, the other fortuitously came to our rescue. In 1981, however, all three of our dynamic sectors – sugar, tourism and manufacturing – suffered significant declines in output of orders of magnitude which could not have possibly been foreseen a year ago. The Government, through its expanded capital investment programme, has tried to cushion this shock by maintaining domestic economic activity in the construction and indirectly in the distribution sectors. However since no immediate improvement in the foreign exchange generating sectors is apparent, the time has come to confront certain realities. Despite progress in import-substitution, the facts of life are that Barbados as a small open economy, imports by value an amount equal to over 70% of our Gross Domestic Product – which is the annual value of the output of all goods and services in our economy. Therefore, in order to sustain imports of all kinds – food, fuel, intermediate and capital goods – on which our standard of living depends, we must acquire foreign exchange by exporting goods and services. While foreign exchange reserves can and have been augmented by judicious borrowing, this must be kept within strictly manageable limits and used for investment, not consumption purposes.

In the face, therefore of declining foreign exchange earnings and reserve levels, there is no viable option other than adjusting domestic demand to our temporarily reduced capacity to import. To put it bluntly, in an economy which is not growing, there is no increased output available to enhance standards of living. If we try to improve our position by paying ourselves more than we are producing in extra output, some may gain at the expense of others, but as a country we will be worse off in real terms – that is in the amount of goods and services we acquire and consume.

Government's strategy in the face of this situation, then, is two-fold:

- (i) to pursue policies designed to achieve an adjustment of domestic demand in the light of the constraints imposed by the decline in foreign exchange earnings; and to do this in as equitable a manner as possible and without causing undue social dislocation;
- (ii) to lay the groundwork for future growth so that as soon as the upturn in economic activity comes Barbados will be able to take advantage of the opportunity for renewed growth.

Financial Review

Revenue

I turn now, Mr. Speaker, to the review of the domestic financial year ending today. The current revenue for the financial year 1981-82 was originally estimated at \$483.7 million. However, actual collections at the end of last week suggest that the total revenue will amount to \$454.0 million exclusive of Post Office revenue, which was included in the summary of the Estimates presented to Parliament last week. This represents a very slight increase over the revenue which was collected during the fiscal year 1980-81.

Revenue growth during the period under review was much more sluggish than originally anticipated partly because of the general decline in economic activity and partly because of tax reductions which made themselves fully felt during the year.

Expenditure

Current expenditure for the fiscal year 1981-82 was originally estimated at \$469 million. During the year, supplementary provisions in the sum of \$16.3 million were granted. Thus, the total amount of expenditure authorised by Parliament was \$485.3 million. Efforts to restrict the growth of current expenditure continued throughout the year and the latest expenditure patterns indicate that the year figure will be \$470 million. This represents an increase of \$43.7 million or 10% over the level of current expenditure for the fiscal year 1980-81. As a result, the Government's current account deficit is now expected to be \$16.0 million.

The approved Estimates of Capital Expenditure for the year 1981-82 amounted to \$200.2 million. During the year, supplementary provisions of \$20.4 million were granted, therefore the total capital expenditure approved by Parliament was therefore \$220.6 million. But the most recent actual returns suggest that by today, the level of expenditure for the year will be \$175 million. The overall deficit for the financial year 1981-82 is thus estimated at \$191.0 million.

Mr. Speaker, there has recently been a lot of loose talk in this House and elsewhere about the "printing of money". Such talk is of course designed to create alarm and despondency in the public's mind and to suggest that Government is acting irresponsibly or unethically. Misleading figures are paraded to substantiate these arguments. While it is true that because of seasonality in revenue flows, and time lags involved in

drawdown and foreign funds, Government periodically seeks short-term accommodation from the Central Bank, the undisputed fact is that the recent deficit has been financed by foreign commercial borrowing; by borrowing from the international financial institutions like the Inter-American Development Bank, the Caribbean Development Bank and the World Bank; and by domestic borrowing from the household and corporate sectors, and not by money-creation. The amount in actual banknotes printed and in circulation as of last week is less than it was a year ago; its increase never exceeds the increase in tourist spending, which tends to elicit a corresponding increase in our local note issue. Demand deposits, the other component of what real economists call the M.I measure of money supply increased by only \$9 million from the end of 1979 to the end of 1981 and total money supply by \$20.5 million or a very modest 8.9% over 2 years. Central Bank credit to the Government has increased only by approximately the same as the increase in the foreign reserves over the last 12 months. It has therefore been fully backed by inflows of foreign funds. So much, Mr. Speaker, for the printing of money.

Public Debt

The Public debt on 31st January, 1982 was \$637.7 million exclusive of the Government's overdraft at the Central Bank. Local borrowings amounted to \$376.2 million while the remaining \$261.5 million represents foreign debt. It is estimated that as of today 31st March the Public Debt is \$645.8 million of which the sum of \$385 million is local the foreign debt having fallen slightly to \$260.8 million. During the year, interest rates on local and foreign debt were unusually high and as a result, there has been a significant increase in interest payments. These payments on the public sector foreign debt absorbed some 1.5% of total export earnings in 1980 as compared with 1.1% in 1981, while total interest payments, including loans being serviced by the private sector and debt incurred by the Central Bank, of \$24.1 million absorbed 3% of these earnings as compared with 2.1% in 1980, according to the latest information supplied by the Central Bank. What is therefore called the foreign debt service ratio is still very modest by international standards.

Public Finances 1982-83

Current revenue, Mr. Speaker, for the fiscal year 1982-83 is estimated at \$494.4 million. Therefore, with current expenditure estimated at \$501.5 million a current account deficit in the sum of \$7.1 million is anticipated. However, Mr. Speaker, I wish to emphasise two things at this point in my speech. In the first place, in order to keep the current expenditure to \$501.5 million or an increase of only 6.5% over estimated expenditure for the financial year 1981-82, very great sacrifices had to be made. Secondly, the present level of expenditure does not include any provision for increased wages to public servants since those wages are still being negotiated. Thus, Mr. Speaker, it is perfectly clear for everyone to see that if the current account deficit is to be kept within manageable proportions and if resources are to be left free for use in the productive sectors of the economy, the Government simply cannot afford any large public sector wage settlement. Therefore, I wish to sound a note of warning that in order to spare the country the misery and deprivation which will result from economic chaos, the Government has to ensure that any wage settlement for the public service will be kept within very modest and reasonable limits. I will say more about the need for an Incomes Policy, but I must emphasise that the Government is simply not in a position

to afford a wage settlement anything as generous a scale as on previous occasions when the public finances were in a much stronger condition. I would also take this opportunity to exhort all of those concerned in the private sector to assist the economic recovery of the country by ensuring that their future wage settlements are not unreasonable and exorbitant, and do not contribute to inflation and the uncompetitiveness of our exports.

Capital expenditure for the year 1982-83 is estimated at \$138.4 million. This figure is much less than that provided during the last financial year but in the effort to restrict the size of the overall deficit there has had to be a curtailment. Nonetheless, public investment and capital formation will be maintained in 1982 and 1983 by the Government's support of two major projects -- in fact at around \$200 million each the two largest projects ever to be carried out in Barbados. I refer to the Cement Plant, a joint venture between the Governments of Barbados and of Trinidad and Tobago and the new electric generating plant being built at Spring Garden with a very favourable financing package made possible by a Government guarantee to the World Bank of repayment of the World Bank's portion of the package I have every confidence that these projects will cover any shortfall in direct capital expenditures of Government and assist in maintaining employment and domestic economic activity.

The effect of the restriction on current account expenditure and cuts in capital expenditure for 1982-83 is that the overall deficit would be reduced from the 1981-82 figure of \$191 to \$145.5 million in the forthcoming year, exclusive of any public sector wage increase. This figure is still too large and the gap between revenue and prospective expenditure will have to be further narrowed. That will be the purpose of my Budgetary Proposals today. But first I want to address a perennial problem, the subject of more controversy than any other economic problem discussed in our island. I refer to the issue of wages and salaries.

Incomes Policy

Four years ago, in presenting the Financial Statement and Budgetary proposals to Parliament, I called the nation's attention to the need for an appropriate incomes and prices policy, to form part of a general stabilisation programme aimed at putting the country's economic affairs on a sound foundation.

I seek to address this issue again, not only because of the sharpness of the continuing public debate on the matter, but more so out of the conviction that the manner in which we as a nation resolve this question of wage and salary increases will have a very strong bearing -- indeed a total bearing -- on whether we will succeed in rising above the economic difficulties with which we are now confronted.

The policy approach articulated by the Government in 1978, and to which the Government is still resolutely committed, is based on two broad economic principles. The first is that, like all other economies we must at all times maintain a reasonable balance between the growth of money incomes and increases in productivity. The second principle is perhaps even more important; as a small, open economy we have always to ensure that the growth in domestic spending power is in line with increases in our foreign exchange receipts. A small, open economy will, at its own peril, seek to live above its foreign exchange means. You may ask "what does this have to do with wage and salary increases?" and many people, Mr. Speaker, who should know better do ask this question.

In a rapidly growing economy, where expansion is based on the growth of exports, and which is attracting substantial inflows of foreign capital, the rate of increase in money incomes will not normally be a decisive nor disruptive factor. Wage and salary increases will give rise to increased expenditure on imports; but the economy will be in a position to meet such expenditure, and even build reserves, because of the availability of foreign exchange for the purpose. As long as the increase in money incomes in the domestic economy is in line with the growth of productivity and foreign exchange receipts, the economy will be able to absorb the expansion of purchasing power without major problems.

On the other hand, where there is no real growth in productivity, and this is accompanied by a steep fall in foreign exchange receipts, wage and salary increases above certain levels will act as a force which leads to even greater economic dislocation.

In the first instance, some 70% of total consumption in Barbados is met by imports. Increases in money income raise the level of spending power in the economy and increase the demand for imports. If the foreign exchange to finance such consumption is not being earned, as is the case in the present economic downturn, the economy will only be able to sustain the expansion of import consumption by foreign borrowing and/or depleting its foreign exchange reserves.

We subscribe to the view that it is unsound economic policy to seek to finance a temporary increase in consumption by resorting to measures which can only impair the balance of payments and which also reduce the country's long term economic prospects. As a matter of policy, therefore, Government will aim to keep any rise in spending power within the limits that the country can afford.

In the second instance, Mr. Speaker, we have to be concerned, from a national point of view, with the possible impact of wage increases in the public sector on the balance of payments and the price level.

In 1981 - 82, overall public sector emoluments amounted to approximately \$200 million; just under 50% of current expenditure by Government. In the face of a slow down in economic activity, revenues are not expected to grow at more than 9% in the next fiscal year. An increase in public sector wages of the order of magnitude granted over the past four years (20%) will therefore generate a substantial deficit on current account. Such a deficit will have to be financed either by loans from the domestic commercial banking sector or by the Central Bank money creation. We really would have to print money in that case. The financing of public sector wages through commercial borrowing is not only unsound economic practice from a financial point of view, but it would also serve to crowd out the productive sectors of the economy from access to credit. The consequences would be a slow down in the real rate of growth of the economy, to the country's economic detriment.

More important, the financing of a wages-led current account deficit through money creation would serve to deplete the country's foreign reserves, and at the same time put pressure on the level of prices.

It should also be borne in mind that the level of wage settlements in the public sector is normally used as the benchmark against which settlements in other sectors are

set. In order for the country to succeed in moderating the rate of growth of money incomes to the extent warranted by prevailing economic circumstances, it is therefore of paramount importance that the lead should come from the public sector.

This consideration becomes all the more salient when the question of wage and salary increases in the economy as a whole is discussed with reference to their potential impact on the competitiveness of Barbadian exports. Over the past two years, there has been some fall in international demand, as a result of the recession in the major economies. The most realistic forecast indicates that the international up-turn will be slow, and may not in fact materialise before mid 1983.

Notwithstanding the fall in international demand, Barbados has managed to increase the market share of its non-traditional exports in foreign markets. We now however, run the risk of reducing the competitive position of our exports if, while operating under a fixed exchange rate, we allow our costs of production, of which the cost of wages is usually the most important, to rise at a faster rate than those of our major trading partners. This applies not only to manufacturing but to tourism, bearing in mind that Barbados has already been characterised as the most expensive destination in the world.

In this respect, we may wish to take note of the fact that in the major western economies, every effort is being made, both by the Governments and by the *Trade Unions* to moderate the increases of wages and salaries. In some sectors, money incomes are being *reduced* with union agreement in a bid to maintain employment levels, and wage settlements of the order of 6% to 8% are now being described as generous.

Mr. Speaker, over the past four years when the economy was growing in real terms at over 5% per year, and our foreign exchange receipts were rising in current terms by over 20% per annum, it was entirely possible for the country to absorb wage settlements in excess of 20%. The present reality is that there was no real increase in productivity in 1981, and there is not likely to be a resurgence of real growth before 1983. In addition, our foreign exchange receipts, including borrowing and other net capital inflows, rose by only 3% in 1981. Moreover, it is quite clear that we cannot in the immediate future reasonably expect a growth in such receipts at the rates evidenced between 1977 and 1980.

In the circumstances, we have to devise and implement a stabilisation policy, aimed at preserving our balance of payments, maintaining current levels of employment and minimising the rate of inflation. We have already partially moved towards accomplishing these objectives by instituting measures to minimise the impact of credit creation on the balance of payments. We have also removed the wide differential between domestic and foreign interest rates, as a means of attracting finance capital and slowing down the rate of capital outflows. Government has also already sought to put its financial house in order by bringing expenditure under stringent control, thereby significantly reducing the size of its deficit in 1982-83.

We will undoubtedly frustrate the purpose of this stabilisation programme by recklessly adding to domestic spending power at a time when the economy is not in a position to absorb such expenditure. In short, the consequence of sizeable wage settlements

in 1982-83 will be a combination of increased foreign indebtedness, the depletion of our foreign exchange reserves, increase in the level of unemployment and rising prices. These constitute a recipe for total economic disaster which I have no intention of following.

Budgetary Adjustments

Mr. Speaker, I have dwelt at some length with the link between increases in wages and salaries, the public sector deficit and the level of the country's foreign reserves because I consider it crucial to our present predicament.

As explained earlier, the very large overall deficit recorded in this fiscal year has been mainly financed by expensive foreign borrowing in order to ensure that the reserves did not fall to dangerously low levels. While it is possible to survive one year's recession on the basis of foreign borrowing when the debt service ratio is manageable, and that is what we have done in the past nine to twelve months, Mr. Speaker, it would be imprudent to contemplate sustaining domestic demand through an expansionary fiscal policy on the basis of further foreign commercial borrowing. As outlined in my introduction, therefore, a prime object of this year's Budgetary Proposals is to adjust the level of internal economic activity to the lower level of foreign exchange earnings expected.

Accordingly, my proposals will aim to reduce the overall public sector deficit by approximately 3% of GDP from more than \$190 million to about \$130 million. Even this deficit is expected to lead to a further loss of reserves which will best be compensated for by institutional and non-commercial borrowing from the International Financial Institutions of which Barbados is a member. The mere mention of the International Monetary Fund and the World Bank, of course, tends to create dismay in the public mind because people associate borrowing from these institutions with falling wages and real living standards. Such is assumed to be the result of the conditions attached to these borrowings. The truth is however, that where governments over a period of time spend more than they raise in taxation or can borrow on sustainable terms, eventually the price is paid either in unemployment, inflation, or in declining foreign exchange reserves. Adjustment must eventually come either by way of reduced expenditure or increased revenue or a combination of the two. Although intelligent people do not need to be told these home truths by visiting experts from the International Monetary Fund, governments which become habitually attached to bad habits will naturally fear such advice. Governments which, however recognize these problems and take early corrective action (often requiring sacrifice) do not need to fear association with these institutions since the valid efforts at self-help will attract the assistance of the International community.

Stabilization policies however are not pursued as ends in themselves. In fact the object of making timely adjustments through the application of restrictive fiscal monetary and incomes policies is to ensure that the country's productive capacity remains intact so that when the international economic environment improves Barbados will be able to resume growth in output and living standards. This growth will be based principally on private sector investment in the productive sectors of the economy and accordingly my budget this evening addresses two related issues:

- (a) the formulation and implementation of additional tax and other incentives to promote the desired private sector response; and

- (b) restriction of the growth of public sector expenditure to make resources available to finance private sector economic activity.

With the completion of major infra-structural projects within the next two years, government's capital expenditure will be increasingly directed to critical areas of the economy like energy and agriculture, and private investment will be encouraged to build on the foundation created by improvements in the social and economic environment.

Budgetary Proposals

And now Mr. Speaker, I turn to the budgetary proposals for the fiscal year 1982-83. The size of the adjustment which the public sector is required to make in order to restore some measure of stability to the public finances is such that it is virtually impossible to accommodate it all on the expenditure side without seriously disrupting and probably eliminating a number of the services currently provided. Therefore, while a serious and determined effort will be made throughout the next financial year to restrict the level of expenditure, it is still necessary for me to increase the level of taxation and fees as part of the adjustment process. I am persuaded that the very modest increase in revenue collection in 1981/82 — much less than the rate of inflation — indicates some leeway for tax increases but I have no intention of crushing initiative or contributing to individual difficulties by the imposition of penal taxes in any area. What is needed is to restore the tax take as a percentage of the Gross Domestic Product. My proposals for increases will therefore be aimed mainly at areas where inflation has reduced the real value of taxes fixed in money terms. And I do not intend to reverse Government policy in the area of direct taxation.

Direct Taxation

Mr. Speaker, in the first budgetary proposals I had the honour to present to the House five years ago, I emphasised that the new Government was committed to a policy of comprehensive revision of the system of personal income taxation in Barbados. Such a review had not been undertaken for many years and the tax burden had grown oppressive under the combined effect of fixed rates and allowances and inflation. Accordingly, starting in 1977 and continuing over the next four years, tax rates were reduced, allowances increased and a system of tax credits introduced. The result has been that over the period 1977-1981 if the tax structure had remained unaltered, taxpayers would have had to part with \$57 million more for income tax than they actually paid. Moreover, as a result of the progressive increase in the tax credit, the threshold for income tax has been raised from \$25 per week in 1976 to \$115 per week where it stands today and thousands of lower income earners thereby relieved entirely of tax.

Despite this progress, however, the Barbados tax system remains out of line with those of its major economic partners and its potential competitors in one important respect. The top rate of tax is 70% and it applies at a taxable income at the level of \$40 000 and above. This rate is high and the point at which it operates is low by comparison both with developed and developing countries.

For example, in the United Kingdom, traditionally regarded as one of the most heavily taxed countries in the world, the top tax rate was reduced from 83% to 60% in 1979. At present a person with a taxable income of £27 550 equivalent to say \$103 000 (Barbados), would pay approximately £11 525 or (\$42 642 approx. Barbados)

whereas his Barbadian counterpart with an equivalent income, pays no less than \$60 100 in income tax. If we move nearer home, in Trinidad and Tobago there is a special framework up to a taxable income of TT\$80 000 and above this figure the taxpayer is deprived of only 50 cents on every dollar earned.

This growing disparity is affecting Barbados adversely in its efforts to attract and retain its skilled and professional citizens and to promote the island as a location for regional head offices both commercial and inter-governmental. It may not be generally recognised that there are over 25 regional head offices of various kinds located here, paying appreciable amounts in tax, spending many million dollars in the local economy and representing a valuable economic resource and source of foreign exchange for the country.

It is not Government's policy to discourage such organisations nor is it Government's policy to penalise its own citizens too heavily. To restore competitiveness to the Barbados tax system it will be necessary to reduce the top rate of tax to a level consistent with international norms. I cannot however do it in this Budget Mr. Speaker. This is a time of restraint and I consider it important to ask higher income earners like myself and members of the Cabinet, Mr. Speaker, whether citizens or immigrants, to bear a proportionate share of the adjustment process which all Barbadians will have to go through by continuing to pay income tax at present levels. However my commitment to a reduction remains and I can give the House an assurance that it will be implemented as soon as circumstances permit.

Mr. Speaker, I therefore propose no changes in income tax rates for 1982. However, I do propose three measures aimed at alleviating the problems faced by three groups of income taxpayers.

At present, owner-occupiers of houses are able to claim certain expenses such as mortgage interest up to \$7 200 a year and repairs and maintenance up to 4% of improved value per year against their tax liability; and no rentable value is now imputed to their income for tax purposes as previously. However, taxpayers who have to rent *their* accommodation get no allowance for rent paid although this represents to the tenant the cost of shelter which is similar, in the case of the owner-occupier, to the cost of loan repayment and upkeep. I therefore propose, effective from this income year 1982 to introduce an allowance of up to 20% of rent paid for a dwelling-house or \$1 800, whichever is the lesser, in an income year, to be deductible from total assessable income. This means that you will get \$150 a month of any rate paid off your income tax. It will of course be necessary to submit valid receipts from the landlord in order to claim the allowance.

This proposal deals with persons who rent housing accommodation for themselves, but there are other taxpayers who are provided with accommodation by their employers as part of the terms of their employment. Employers rent accommodation for these employees or permit them to live in properties owned by them. My second proposal deals with this category.

Under the present provisions of the income tax laws these employees are subject to full income tax on the value of the accommodation, either on the actual rent paid by the employer or the imputed market value of the rent attributable to the property

if it is owned by the employer and occupied by the employee. There is at present no ceiling or limit on which tax is charged on rents paid by the employer or on the imputed value of accommodation. Employee occupiers of such properties thus find themselves suffering a heavy tax burden, even though the mere occupation of the accommodation does not in such cases increase their disposable incomes. Either therefore the income of the taxpayer must be grossed up (itself attracting further tax) where the employer undertakes to bear the additional imposition, or the employee suffers a reduction in net income not compensated for by the privilege of apparently rent-free accommodation.

I am satisfied that the present application of the law results in distortions which particularly affect the attractiveness of Barbados as a location for international business. Accordingly I propose a limit of \$14 400 per annum as the maximum amount to be assessed as the value of the benefit enjoyed by an employee who occupies a residence rent-free whether owned or rented by his employer. This figure, which will be adjusted periodically to take account of inflation, has been set at a level which covers the long term rental value of the overwhelming proportion of properties in Barbados. The system of further assessment to tax where the employer grosses up the income to cover the rent assessment will also be modified. These proposals will introduce an element of predictability into the tax system in this area which has long been needed and which I expect will facilitate corporate planning.

In the interest of creating some further certainty in the application of the tax laws in this area, I am also taking this opportunity to fix the amount of taxable benefit enjoyed by these employees who occupy a rent-free residence. Where the house is unfurnished, the taxable value of the benefit will henceforth be computed at 8% of the improved value of the property, and where it is furnished at 10% I estimate that the cost of these concessions to the Revenue to be \$1.6 million.

My third proposal relates to child allowances, which have not been changed since 1979. The value of the allowances has been eroded by inflation and no account has been taken of the new provisions in the law relating to the support of children, under which liability can now exist up to the age of 18. I now propose that the annual allowances for children be changed and restructured as follows:

- (i) The general allowance for a child, which is at present \$400 and applies up to age 16, will be increased to \$500 and extended to cover the child up to age 18 where the parent shows that he or she is maintaining the child;
- (ii) The allowance for a child over 11 years and under 16 years being educated in Barbados will be raised from \$500 to \$600;
- (iii) The allowance for a child over the age of 16 being educated in Barbados will be raised from \$600 to \$700, and being educated overseas from \$1 000 to \$1 200. An upper age limit of 25 years will now be imposed on these allowances.

These concessions will apply from the current year of income, 1982 and are expected to cost \$400 000.

Arrears

In the Budget of 1978 I made reference to the tax arrears, and took the opportunity to appeal to all those taxpayers who had not paid their income tax, land tax, or trade tax due before it was abolished, to do so at the earliest opportunity. My appeal fell on many deaf ears. There are still substantial tax arrears owing to revenue departments, and particularly to the Inland Revenue. That Department up until now has been employing persuasive methods of tax collection — using the news media to encourage taxpayers to come forward and pay.

It is regrettable however, that a large number of taxpayers are reluctant to heed these notices, and the time has now come for the Department of Inland Revenue to resort to stronger measures and more stringent enforcement of its powers of collection. It is therefore in the process of obtaining judgement against delinquents and will in due course proceed to seize their Assets and sell them for the taxes due.

Additional Enforcement Measures

New provisions have been enacted in the Bankruptcy and the Companies Acts to ensure that taxes and dues owing to the Crown should rank in priority over all other debts. It is now proposed to introduce similar legislation to affect the estate of deceased persons, where taxes owed to the Crown are outstanding.

In addition legislation will also be enacted to stipulate that every receiver in bankruptcy, liquidator in a winding-up or an administrator or an executor of deceased estate, should obtain a certificate from the Commissioner of Inland Revenue that all taxes due to the Commissioner have been paid.

Tax Evasion

In most countries in the Western World, Mr. Speaker, tax authorities are faced with the phenomenon of tax evasion which takes the following main forms:

1. Failure to file income tax returns;
2. Filing of returns, but with income under-reported;
3. Submission of returns, but non-payment of tax.

These features are existent in Barbados and the defaulters are to be found mainly among the self-employed class, that is those persons who carry on business on their own account. It is planned to cope with this situation with the assistance of electronic equipment for data processing. To this end a new computer is being purchased for the Inland Revenue Department. The Commissioner of Inland Revenue informs me that he also intends to use his power of search under the Income Tax Act to uncover transactions of many taxpayers in the category of the self-employed who do not keep proper books and records even though required to do so by law. These persons contrive to deal in cash, and set about to conceal evidence of their transactions from the scrutiny of the tax authorities. There are stories circulating that some even shut off their cash registers at certain times during business days.

Under the relevant section of the Act "the Commissioner may for any purpose related to the administration or enforcement of the Act, authorise in writing any officer

or other person employed to administer and enforce the Act, together with such members of the Police Force as that person calls upon, to assist him to enter and search, if necessary by force, any building, receptacle or place for documents, books, records or things which may afford evidence of a violation of the Income Tax Act, and seize and take away and retain any such documents, books, records or things."

I have recited the whole of the subsection because I want to draw to the notice of these tax evaders, who deliberately conceal their income and make defective returns, the powers which already exist. The rest of us, Mr. Speaker, the overwhelming majority of taxpayers, pay our taxes as we earn our wages and salaries, and it is unfair as well as unlawful for a small and usually well-off minority to evade the liabilities which the majority of the population cannot escape.

Real Estate Agents

I will also deal with a particular category. There is evidence which suggests to me that some Real Estate Agents currently get substantial commissions without necessarily paying any taxes on them because they are able to obscure their part in the transactions either by receiving moneys overseas or receiving informally in Barbados. Since there is no paper trail, the Commissioner of Inland Revenue has great difficulty in verifying their incomes. Therefore, I propose to provide legislation that will require all vendors of land to indicate the amount of commission which has been paid to the Real Estate Agents. The information will have to be declared on the documents which are taken to the Registrar to have the sale finalised by recording of the conveyance.

Corporation Tax

I turn next Mr. Speaker to another branch of direct taxation, that is Corporation Tax. Corporate profits in Barbados have felt the squeeze of the economic recession just as much as the rest of us. And in times of pressure it is not usual to lean heavily on the corporations as generators of economic activity and providers of employment. Nonetheless I consider that in these times of need the corporate businesses of Barbados should make some further contribution towards the alleviation of the country's fiscal problems. There will be no increase in Corporation Tax proper, but I propose a temporary surcharge, in the first instance for income year 1982, of a 3% tax on profits over and above the 45% ordinary rate. The tax will be removed as soon as circumstances permit. I estimate that this will yield \$2 million in revenue.

Tax on Insurance Premiums

Under the provisions of the Income Tax Act, insurance companies operating in Barbados are required to pay a premium tax on their gross direct premium income collected in Barbados. Periodically, applications are made to the Supervisor of Insurance by companies and individuals to remit insurance premiums to foreign insurance companies which are not registered under the Insurance Act of Barbados and which do not normally in their own name transact insurance business in Barbados. The result is that no premium taxes are paid even when the remittances are made through registered brokers. Mr. Speaker, I feel that the time has come for the Government to collect some revenue from these transactions. Therefore, with effect from 1st April, 1982, I propose to take the following steps:

- (i) a premium tax of 20% will be imposed on all general insurance premiums, health plans excluded, remitted from Barbados to insurers not registered under the Insurance Tax Act of Barbados;
- (ii) a premium tax of 15% will be imposed on all long term insurances and health premiums as well as contributions to pension plans remitted to insurers not registered under the Insurance Act of Barbados;
- (iii) in all cases where a registered insurer, Lloyds of London excluded, pays to a local agent or broker a commission of less than 15% then the premium tax of 3% or 6% will be replaced by one of 15% of the gross premiums;
- (iv) surplus remittances by foreign companies will also be taxed as follows:
 - (a) Companies engaged in long-term business 15%;
 - (b) Companies engaged in general business only 10%.

It is estimated that the above charges will yield additional revenue of \$500 000.

National Insurance Contributions

I turn now to certain proposals connected with pensions under the National Insurance Scheme. Mr. Speaker, as you are aware, the administration of the non-contributory Old Age Pension Scheme has been transferred to the National Insurance Office. It is now my pleasure to announce that the non-contributory Old Age Pension, which was raised last year from \$20 to \$28 weekly, will be increased as from next week to \$33 weekly (*Applause*) and will be raised from the beginning of April, 1984 to \$40 weekly. (*Applause*). It will therefore have been doubled in a three year period. The minimum contributory National Insurance Pension will be increased from \$33 per week to \$40 per week (*Applause*) with effect from April 5, 1982 and will rise to \$50 weekly when the non-contributory pension rises to \$40.

It will clearly not be possible to finance the new pensions out of the existing National Insurance Funds and the working population will therefore be asked to make a further contribution in order to help the less fortunate among us, who by the part they have played in helping to build our nation deserve our consideration in their years of retirement. Therefore, with effect from April 5, 1982, National Insurance Contributions will be increased by 2% each from employer and employee.

Indirect Taxation

I turn next, Mr. Speaker, to my proposals for changes in the area of Indirect Taxation. It is not intended to make any alterations to the general structure of indirect taxes, but there are a number of money values which need revision and some particular subjects which need special treatment.

Gaming and Betting

The first of these is gaming and betting. During recent months there has been much controversy surrounding the issue of gambling. On this occasion I do not intend

to discuss the matters that then arose. It is clear, however that it is necessary for the Government to be in a position to control the raising and distribution of revenue from gambling in our country, and I should state that it is also our aim to collect enough revenue from gambling and other entertainment to meet the cost of the services which are provided for sporting and recreational activity in the country. Consequently the Gambling Acts will be revised to bring sporting organisations under the direct control of the Betting and Gaming Committee rather than continuing to allow these organisations a free hand to operate games of chance with all the possibilities of abuse that exist. In addition, the Government intends to establish a National Advisory Council on Betting and Gaming. Membership of this body will comprise persons from a broad spectrum of society, including representatives of the Barbados Christian Council.

On 1st January this year some of the Betting and Gaming fees were increased, and the additional revenue from those increases is expected to be \$600 000 in a full year. However, I feel constrained to make some further changes in this area. A complete and comprehensive analysis of the Instant Money game has been carried out and it has been found to be an impressive money spinner for the Barbados Cricket Association. It, perhaps produces more than enough funds than are needed to meet the reasonable requirements of the Association. Thus, the Government considers that while for the present the Association, which employs a private company to manage the game for it at a fee of 8% the gross takings, and also sends a considerable sum of money abroad for printing of the tickets, should be allowed to continue to operate the game, it should be brought under greater control and should make a more significant contribution to the general revenue of the country. I therefore propose to increase the tax on Instant Money tickets by 10 cents to 30 cents and the consumption tax on the cost of the tickets themselves from 20% to 30%. These changes which come into effect immediately are expected to yield additional revenue of \$200 000 and the entire sum will be made available to the National Sports Council to help sport in the Island generally. (*Applause*)

Also, I have reviewed the operations of the Barbados Turf Club and on the facts discovered, have decided that these operations merit special consideration for two reasons. Firstly the entire revenue of the Turf Club goes to support domestic racing which is a popular sport and provides employment for a substantial number, many hundreds of Barbadians. The Government does not wish to jeopardize the jobs of so many persons by imposing further financial burdens on the Turf Club whose finances are extremely shaky at the moment. As a result, I propose to reduce the Gaming and Betting Tax on Barbados Turf Club tickets from 10 cents per ticket to 5 cents per ticket and I do not propose to make any increase in the consumption tax. These changes will take effect from April 1st, tomorrow.

Excise and Consumption Taxes

Excise and consumption taxes on liquor and cigarettes were last increased in 1980. As you know, Sir, these rates are charged on a specific basis and not *ad valorem*. Therefore, the tax yield does not increase as the value of these commodities increases and it is therefore necessary to raise the rates periodically in order to maintain the real level of revenue which the Government derives from such sources. Consequently, I propose a general increase in taxes on liquor and cigarettes.

Additional excise tax of 65 cents per litre and an extra 4 cents per litre for the distillers' fee will be levied on rum. This will add about 53 cents to the tax on a 26 ounce bottle. The consumption taxes on whisky, brandy, gin, vodka and other spirits will be raised by \$3 per litre or approximately \$2.31 per bottle and the tax on beer by 10 cents per litre or approximately 2.8 cents per bottle. The tax on wines will be increased by \$2.50 per litre and on other fermented beverages such as ciders by a similar amount. Blended brandy and blended whisky, which are no more than rums with additives will have their taxes increased from \$10 to \$20 per litre. The taxes on soft drinks will be increased by 1 cent per bottle. Details of the increases are contained in the Schedule to an amendment to the Consumption Tax Act of which I will give notice later this evening, Mr. Speaker.

Cigarettes

Barbadians have recently received many health warnings about cigarette smoking, and the Government is at present considering the desirability of allowing cigarette advertising to continue, at least in its present form. The Government considers that a practice which may be harmful to health need not be encouraged by over modest taxation and I propose to increase the consumption tax on cigarettes from 15 cents per 5 cigarettes to 25 cents per five. The taxes on tobacco and snuff will I think — I hear the non-smokers cheering, Mr. Speaker — be raised by \$4 per kilogramme.

The revenue expected from these taxes on beverages and tobacco is \$5.5 million per annum.

Other Consumption Taxes

There are a number of items, including miscellaneous articles of plastic and cosmetics, which are imported into Barbados in surprisingly, perhaps excessively, large quantities — the values of these two categories alone in 1981 being approximately \$32 million and \$12 million respectively. I consider these amounts so large that I propose to raise some of the applicable rates of consumption tax as much for their deterrent as for their revenue raising effects, at the same time as rates are raised on a few luxury items or items whose import the Government does not wish to encourage but which it would be undesirable to ban. The following changes are proposed:

- Cut flowers, foliage and the like from 10% to 15%;
- Cosmetics other than shampoos and perfumes: Those charged at 5% will be raised to 10% and those charged at 10% will be raised to 15%;
- Miscellaneous plastic articles will be raised from 5% to 10%;
- Imitation jewellery from 10% to 15%;
- Spin driers for domestic use — we have the sun after all, Mr. Speaker —
- and Electric shavers and hair-clippers from 10% to 15%.

Details of these increases, with the appropriate descriptive numbers will be found in Appendix 1 to my Speech and in the Schedule to the amended Consumption Tax Bill of which I intend to give notice. These changes are expected to yield \$1.8 million in a year.

Energy

In dealing with the next area where tax increases are contemplated, I would wish to examine in some depth one of the most considerable problems with which the Government is faced, the problem of energy.

The sharp rise in the cost of energy in recent years has put a considerable strain on the Barbados economy: as a result, the Government is continuing to give high priority to the formulation and implementation of an energy policy. Our development strategy for energy is to continue to develop our domestic sources of oil and natural gas while at the same time developing alternative energy sources and encouraging energy conservation.

Domestic production of oil and gas declined in 1981 due to the shift from a shallow drilling programme to a deep well drilling programme. As a result the level of imports of petroleum had to be increased and the energy import bill consequently rose by 50% to reach \$92.5 million. However, the shallow drilling programme recommenced in late January this year, and two new wells have been completed to date. It is expected that production will reach one thousand barrels a day by mid year. If this level of production is achieved our oil bill will be reduced considerably and the demand on our foreign reserves will be eased.

The merger of the Natural Gas Corporation into the National Petroleum Corporation becomes effective from tomorrow, 1st April, when the latter Corporation becomes operational under the Chairmanship of the Honourable Member for St. Michael Central. The new body will not only continue to distribute natural gas but will seek to enter into petroleum winning operations either on its own or in a joint venture with an overseas oil company outside the areas presently under lease to Mobil Exploration Barbados Ltd.

The Government has already begun negotiations with International Financial Institutions with regard to obtaining a loan to assist the new National Petroleum Corporation to drill for oil and gas and the prospects of obtaining such financial assistance seem favourable.

The Energy Division of the Ministry of Finance and Planning is now in the process of preparing data packages on both on-shore and off-shore prospects for oil and gas exploration and will be offering these for sale to interested oil companies. We are therefore making an all out effort to develop our indigenous oil resources.

Our efforts in the development of alternative sources of energy are continuing and the Government will shortly be receiving a grant from the Inter-American Development Bank to install a 200 KWH wind turbine to generate electricity. The electricity generated from this turbine will be fed into the national grid, and the Barbados Light and Power Co. is cooperating in this experimental project. Work is also progressing on the proposed east coast wave energy project. The new Sugar Factory at Portvale will be burning bagasse to generate electricity when it becomes operational later during this sugar crop.

During 1981, Barbados became the first Caricom Country in which a National Energy Assessment Study was initiated and completed under the Caribbean Alternative Energy Systems Project. This study estimated that some 10% of our energy import bill

could be saved if appropriate energy conservation measures were adopted both in the public and private sectors. The Government has already implemented one of the recommendations made in the study with respect to the establishment of a broad based Energy Advisory Group. This body was recently established under the Chairmanship of Senator Clyde Griffith, Parliamentary Secretary with responsibility for energy matters, and subcommittees for energy conservation and alternative energy have been formed and are functioning.

Although some efforts have been made in the past with respect to energy conservation, the Government proposes with the assistance of a World Bank loan during 1982 to implement a comprehensive energy conservation programme. It is recognised that for this programme to be successful the assistance of the private sector will be required. This conservation study to be carried out by the Barbados Light and Power Co. under its recent World Bank led loan, a loan which will entirely be serviced out of the \$9 million in imported fuel that will be saved on the operation of the new generating plant.

I have spent a little time on the energy background so as to explain my next proposals, Mr. Speaker. Once the absolute need for energy conservation is seen, it will be better understood that no matter what are the downward movements in international petroleum prices no country can afford to relax. Oil is a scarce commodity and it is only by so pricing it at the retail level that non-oil producing countries have been able to reduce consumption and bring about a temporary glut by forcing conservation on consumers. It is the policy of the Government to use taxation as the most effective measure to impose restraint on petroleum imports and I accordingly propose, Mr. Speaker, that, with effect from midnight tonight, the tax on gasoline will be increased by 3 cents per litre. The new price, which also takes into account changes in the distribution costs between the refinery, the marketing companies and the gasoline stations, will be \$1.15 per litre. On this occasion I also propose to increase the tax on diesel (48/52) by 6 cents per litre and to make adjustments which will bring its price to 95 cents per litre. Since 1974 diesel, which was once taxed at the same level as gasoline, has been more generously treated so that the rates are now considerably lower. I can no longer see any reason for this preferential treatment of an equally scarce resource. The reason first given for the differential was that most users of gasoline may use cars for pleasure or mere convenience. This, while true, is taken care of by the fact that diesel engines are now 35% more efficient than gasoline engines and there is no need to give any further advantage by way of price even though diesel is used principally by commercial users. I will therefore be progressively equalising the taxes over time. No new taxes are proposed for kerosene, but movements in the international markets and developments in the local distribution system make it necessary to increase the price from 67 cents to 69 cents per litre.

I expect that additional revenue of \$ 2 600 000 will result from the proposed increases in petroleum taxes.

MOTOR VEHICLE AND HIGHWAY REVENUE

Following on the subject of petroleum, Mr. Speaker, is the largely connected subject of Motor Vehicle taxes, licence fees and other highway revenue. The roads of Barbados require increasingly large sums to be spent on them and the public transport

system requires an increasingly large subsidy. Some increase in general revenue in this area is clearly indicated. I have firstly taken the opportunity to make some adjustments to the rates of Consumption Tax applicable to motor vehicles. The general intent is that this rate will be increased by 10% on all classes of motor car, but I propose actually to set new rates at 50% and 70% depending on value, which are nominally 30% increases on current rates. These rates will be rebated by 20% in each case on motor cars imported through a registered garage or motor dealer with a quota from the Import Licensing Committee. This approach has been prompted by the extremely large number of direct imports by individuals some of whom apparently set out to circumvent the quota system which was introduced to restrict the number of vehicles entering the country every year and so help to protect the balance of payments. The proposal will also assist garages in maintaining employment. Direct imports Mr. Speaker will still be allowed, but they will be 20% more expensive.

As a further measure to control abuses in vehicle imports, I propose to make it mandatory that any individual who is granted a direct import licence will have to deposit with the Comptroller of Customs the amount of duty and consumption tax in full before he receives the licence from the Chief Price Control Officer.

There is another problem which has been brought to my attention and which I propose to deal with at the same time. Complaint has been received that a number of persons have been importing cars through garages and within a short time of purchase have re-sold them at considerable premiums. While there is nothing illegal about speculating with motor cars, the quota system is not intended by the Government to be used for speculative purposes. I therefore intend to make it mandatory for price controls on new vehicles to remain in force for 12 months after the date of purchase, so that if the vehicles are disposed of before the expiration of the 12 month period, no increase in price may take place. Severe penalties will be introduced for any breach of this regulation. The additional revenue from the increases in consumption tax on motor vehicles is estimated at \$1.6 million in a full year.

Highway Revenue

The fees for licensing motor vehicles were last changed in 1978, except for some minor adjustments which were made in 1980. Since then, the prices of vehicles have increased and the cost of repairing the roads has also increased. Therefore, it is only reasonable that road users be asked to make greater contribution to the Government's road improvement and maintenance programme. As a result I propose to increase the licence fees for motor vehicles as follows:

(i)	<i>Motor Cars</i>	<i>Present</i>	<i>Proposed</i>
	Not exceeding 1150 kg	\$100	\$150
	Not exceeding 1350 kg	\$150	\$200
	Not exceeding 1550 kg	\$300	\$400
	exceeding 1550 kg	\$500	\$750
(ii)	<i>Motor Cycles</i>		

All motor cycles, whether or not used for industrial purposes will go from \$30 to \$50, with an additional \$25 for a sidecar. The distinction between industrial and non-industrial use will be abolished.

- (iii) *Vans, Lorries, Tractors and Trailers* other than Vehicles used or adapted for use for drawing trailers on the highway as an articulated unit.

		<i>Present</i>	<i>Proposed</i>
Not exceeding	3000 kg	(2 rates)	\$200
" "	5000 kg	\$200	\$300
" "	7000 kg	\$300	\$400
" "	11 200 kg	\$500	\$650

Where a special licence is obtained for such a vehicle exceeding in weight 11 200 kg, the road fund licence will be charged at the rate of \$75 per tonne or part thereof.

The fourth class is a new class —

- (iv) *Vehicles used or adapted for use for drawing trailers on the highway as an articulated unit.*

Such vehicle will in future pay an annual licence fee of \$3 000.

- (v) *Plantation* carts when attached to a tractor will pay \$100 from \$75, and

- (vi) *Trailers*, including tank and container trailers up to a length of 7 metres will pay \$100
exceeding 7 metres will pay \$200.

Legislation will shortly be introduced to provide for specific licensing for trailers since it has been discovered that persons have been transferring licenses from one trailer to another, and avoiding payment of the tax on more than one trailer, since only the fully articulated vehicles are licensed as a unit with a number plate.

Mr. Speaker, the effect of these latter proposals is that I have introduced a special regime for articulated vehicles which draw containers, tanks and other heavy loads on the highways. This traffic has greatly increased and there is no doubt that the 400–500 journeys made monthly with special equipments and extra heavy loads put great pressure on our highways. I therefore consider that the vehicles concerned should bear a greater share of the cost of road maintenance. The proposed increases are expected to yield additional revenue of \$2 400 000 in a full year.

OTHER TAXES AND NON-TAX REVENUE

Still under the head of highway revenue, Mr. Speaker, I propose to increase certain fees and charges for services which the Government renders.

Parking and Other Fees

There is great concern at the overcrowded state of the streets of Bridgetown, to which undisciplined parking is perhaps the greatest contributor. And the revenue which the Government gets from its car parks in the city is insufficient to pay the wages of the parking attendants at those parks.

The system of parking which is currently in use at the Grantley Adams Airport has proved so successful that the Government has decided to introduce it at the various official car parks located in Bridgetown. In addition, the use of parking meters is being investigated for streets which are considered wide enough to permit parking. Until this can be brought into force Mr. Speaker, I have decided to increase the rates for parking motor vehicles in Bridgetown, which have not been raised for more than 10 years, with effect from tomorrow 1st April, 1982.

The new charges will be as follows:—

- (i) 50 cents for one hour or part thereof;
- (ii) \$1.00 for up to 2 hours;
- (iii) \$2.00 for over 2 hours; and
- (iv) \$100 for a monthly permit.

The additional revenue from these increases is estimated at \$50 000 in a full year, and the Royal Barbados Police Force will also be armed with powers of ticketing vehicles which are causing an obstruction in the streets, rather than having to wait to find the driver. I have no doubt that the Revenue will therefore further benefit from fines in the traffic programme.

Driving Licences

The costs of driving licences, which are at present collected by the Police, and other services which the Police Department provides have increased over the years and most of the present fees have been in existence for at least four years. I think that it is time for some small increases in this area and I propose the following changes with effect from tomorrow April 1st, 1982.

	<i>Present</i>		<i>Proposed</i>
Driving Test (fixed in 1974) will go from	\$10	to	\$30
A Driving license, a three year licence will go from	\$30	to	\$50
and a one year licence from	\$15.00	—	\$20.00
A Visitor's driving permit, a fee which has been in existence for many years at	\$10	will go to	\$20
An International licence will go from	\$20	to	\$30
A Learner's permit from	\$10	to	\$15.

The increase in other police fees will be found in Appendix II and will cover, among other things, firearms, the Police Band, certificates of character and for the first time will include an annual charge of \$150 for the burglar alarm service at present provided free by the Royal Barbados Police Force. It is anticipated that additional revenue of \$1 million will result from these increases, the largest item of which will come from visitors' driving permits.

Liquor Licences

Certain liquor licences were increased in 1980. Since then the price of liquor has gone up and after tonight will go up by more. I consider that the license fees should be improved accordingly, and I therefore propose with effect also from April 1st, 1982 to increase them.

Hotel licences, at present ranging from \$500 to \$7 500 according to size will now range from \$1 000 to \$10 000. Ordinary retail licences will go from \$200 to \$350 and occasional licenses from \$20 to \$50. Wholesale and proprietary club licenses will rise from \$1 000 to \$2 500. Full details are shown in Appendix III. Expected revenue from these increases will be \$400 000 in a full year.

Fees for Notarial and Other Services Provided by the Registrar

The Registrar now provides a number of services, the cost of which keep increasing as wages increase and the price of stationery increases. It is therefore periodically necessary to increase the fees which are charged for these services in order to recover some of the cost of providing them. As a result I propose to increase the fees for Registration, Notarial and other services provided by the Registrar, with effect from July 1st, 1982. These will include fees under the Marriage Act and the Condominium Act. The increases are shown in Appendix III. It is estimated that revenue of \$1 000 000 will result from the proposed changes in a full year, but in 1982/83 the revenue will be \$750 000.

Stamp Duty

Mr. Speaker, it is customary, when raising the level of money fees charged for notarial services and for services provided by the Registration Office to raise certain Stamp Duties as well. This year I wish to follow this practice and to go one step further.

For sometime now I have been concerned on discovering that, in spite of a growing import bill with all the implications which it has for our balance of payments position, the ratio of import duties collected continues to decline in relation to the value of imports. As the cost of providing Customs Services continues to increase the problem is becoming a serious one, and can no longer be regarded as merely part of the CARICOM adjustment process.

It is also obvious that in times of balance of payments difficulties we must attempt to restrict imports as much as possible.

The Government believes that pricing is a more effective means of doing this than licensing. I therefore propose, Sir, at the same time as making other changes under the Stamp Duty Act relating to documentary fees, to join several of our CARICOM brothers including Jamaica, St. Vincent, Dominica and Grenada in levying an *ad valorem* instead of a fixed charge on entries submitted to the Customs Department. With effect from 1st April, 1982, tomorrow, the stamp duty on Bills of Entry will be charged at the rate of 2% of c.i.f. value except in the following cases where a fixed duty of \$5 will be charged.

These cases are:

- (i) Goods consigned to export, enclave or other industries operating under the Fiscal Incentives Act, or the Industrial Incentives Act;
- (ii) Passenger baggage, unaccompanied or where a Bill of Entry is required; and
- (iii) Entries for warehousing only.

No stamp duties will be charged to the Government or on petroleum products; and individual items of machinery or equipment of a value of more than \$100 000 will not be charged or included in calculations of value.

These new rates are estimated to yield \$8.5 million.

Registration of Professionals

A new structure for registration fees for professional persons was evolved in 1979. The workings of the new system have now been examined in the light of experience and I therefore propose to make some changes. I propose to place specialist doctors in the top category along with Queen's Counsel and charge an annual registration fee of \$1 500 each. I also propose that druggists, who are by no means such high earners as the other professionals with whom they were classified in 1979, should be removed from the second category and accountants, actuaries and architects added to this category which includes ordinary lawyers, doctors, dentists, engineers, surveyors and veterinary surgeons. They will all now pay \$1 000 per annum. Persons in category (i) of other professions will pay \$500 per year and those in category (ii) will pay \$100. I could not possibly read out all the categories, Sir. They are contained in the Registration and Professionals Act. All other trades and categories who formerly paid \$5 will pay \$10. The schedule to the Profession, Trade, and Business Registration Act will in due course be amended and the new fees will come into force for 1983. The expected revenue in the current financial year will be \$400 000.

Banking Fees

Judging from the large salaries which commercial banks are able to pay some of their senior officials, I have concluded that they are also able to make a greater contribution to the revenue of the country from which they derive their business. Therefore, I propose to increase the banking fees from 1st January, 1983 as follows:

- (i) a Banking licence will go from \$25,000 to \$50,000;
- (ii) a Licence for each Branch will go from \$1,000 to \$2,500.

In addition, I have decided to introduce a new tax of one fifth of 1% chargeable annually on the assets of commercial banks in Barbados calculated on an average basis over the previous year as certified by the Central Bank. This new tax is to come into effect from this year and will be payable annually in July in respect of the previous year's assets. These changes in banking fees are expected to yield additional revenue of \$2.1m gross in a full year. Neither the increase in licence fees nor the tax on assets will apply to banks which operate under the Offshore Banking Act. Honourable Members may be interested,

Mr. Speaker, to hear that the Offshore Banking sector in Barbados has already written approximately US\$200 million in business and expects to have assets of US\$500 million by the end of 1982, exceeding the present combined assets of all the domestic banks.

Wireless Telegraphy Fees

Fees charged under the Wireless Telegraphy Act were last fixed in 1978. These relate to the fees paid for the right to maintain radio transmitters and other commercial equipment. I propose to increase the fees as shown in Appendix IV.

This increase will take effect in accordance with the dates set out in the main Wireless Telegraphy charging Regulations and are expected to yield \$50 000 in a full financial year.

Hospital Fees

Mr. Speaker, all of us have agreed on the importance of a proper Health Service. The services provided by the Queen Elizabeth Hospital are of a very high quality in spite of the shortcomings which are sometimes in evidence at that institution. However, the costs of providing such excellent facilities contribute to making Barbados the highest spender per capita on Health in the Non-oil developing world. We even spend more per capita, according to the latest figures, than the Soviet Union and most countries of Eastern Europe. We are proud of this and it remains our belief that the best medical facilities should be made available to our citizens. It is also our belief that those persons among us who wish to make private use of those facilities should also make a reasonable contribution to their costs. When we think that in the United Kingdom, hospital bed fees have just been raised to a minimum of £90 per day and a maximum of £130 — more than the most expensive hotel single rooms in London, we realise how reasonable our charges have been. The present charges are not only reasonable, they are unrealistically low. I therefore propose that as from tomorrow 1st April, 1982 the fees for private services both at the Queen Elizabeth Hospital and the Psychiatric Hospital will be increased by 100%. They will still be among the cheapest of their class in the world.

It is estimated that additional revenue of \$200 000 will result from the proposed increase and full details are shown in Appendix V. While on this subject Sir, I wish to appeal to all of those who now owe money to the Queen Elizabeth Hospital to make an effort to pay off their arrears without further delay and avoid any embarrassment to the Hospital Administration and themselves. It is unbelievable, Mr. Speaker, that the amount of money owed and unpaid to the Queen Elizabeth Hospital over the years is no less than \$5 million since the institution opened.

Water Rates

I turn next, Mr. Speaker, to the loan contract which was made by the then Government and the Inter-American Development Bank on April 8, 1976 stated that as a condition of the loan, the rates charged for the provision of sewerage services and for the supply of water should be increased annually until the Water and Sewerage Authority is in a position to cover its operating expenses from the revenue which it collects. That is the reason, Sir, why the water rates have been increased almost every year since 1976.

The Sewerage Project is now in its final stages but the Water Authority is still some distance away from covering its operating expenses out of its revenue. It is therefore necessary to increase the water rates as from 1st April, 1982 in order to move closer to the target which has been imposed on us by the contractual agreement to which I referred earlier. I now propose the following increases, first for fixed rate customers:

Fixed Rate

The minimum fixed rate will be \$30 per quarter from 1st April, 1982, \$40 per quarter from 1st April, 1983 and will remain at that level until 31st March, 1985 when it will be reviewed. The intermediate rate will be adjusted accordingly. The maximum fixed rate will be \$160 per quarter. Mr. Speaker this will not be increased but will remain at that level from the period 1st April, 1982 to 31st March, 1985.

Water supplied by Measure

Rate per Cubic Metre

	1st April 1982	1st April 1983	1st April 1984
Domestic Supply	1.10	1.35	1.70
Commercial Supply	1.50	1.85	2.30
Apartments, Guest Houses, Hotels	2.25	2.80	3.50

Plumbing

Effective 1st April, 1982, that is tomorrow, the surcharge on repair bills and the cost of installations of water mains on private developments will be increased to 30% and 60% respectively. However, no further increases in these rates are being contemplated before 1985.

Sewer Charges

The Bridgetown Sewerage System is expected to become operational by tomorrow. It is estimated that it will cost approximately \$1.6 million in the first year to operate the system efficiently and it is necessary to fix the sewage rates now.

With effect from 1st April, 1982 domestic consumers who are connected to the sewerage system will be asked to pay a sewer rate equivalent to one-third of their water bill. All commercial and industrial consumers (including Government Offices, Apartments, Guest Houses, Hotels and Ships) who are connected to the system will pay a sewer rate equivalent to two-thirds of their water bills from tomorrow.

Connection Charge

Connection to the sewerage system will be at the expense of the consumer who from 1st April, 1982 will be asked to pay \$100 in the case of domestic service and the sum of \$250 if the connection is for commercial or industrial use. These charges will be increased by a further 20% on 1st April, 1983 and again on 1st April 1984. But to assist householders who may find it difficult to meet these charges a fund of \$600 000 has been established by the Water Authority to make loans and grants towards sewerage con-

nections and, perhaps more importantly, installation of inside baths and waterborne sanitation facilities for those whose houses do not now have them. (*Applause*) I am sure the Honourable Member for the City will be very pleased that her representations have borne fruit.

Septage

When the Sewage Treatment Plant on Emmerton becomes operational, the present practice of sewage disposal from cesspool emptiers into the sea at Cowell Street in Bridgetown and elsewhere will be prohibited. Instead the waste will be treated at Emmerton. The following charges will apply for the service from tomorrow:

1st April 1982	\$30 per tank load
1st April 1983	\$40 per tank load
1st April 1984	\$50 per tank load

The increases which I have proposed for services provided by the Water and Sewerage Authority are expected to yield substantial additional revenue to that Authority. However, Sir, as you know, the Barbados Water and Sewerage Authority is now a Statutory Body – I am very glad, Sir, that I would not have to pronounce its name at least for another three years – and as such uses its revenue to cover part of its expenditure. Therefore, the only benefit to the Central Government from the proposed increases is that the current expenditure grant to the Authority has been reduced from \$5.5 million a year, to \$3 million annually and hopefully will be eliminated by 1984 as the agreement with the Inter-American Development Bank requires.

Incentives for Agriculture

Well, Mr. Speaker, that marks the end of my taxation proposals Mr. Speaker, but I still have some incentives, tax relief, and new policies to deal with in three areas of the economy. I will start with a most important, and perhaps the most neglected sector, that of Agriculture. A great deal is constantly talked about agriculture in all its facets in our community. Surrounded by the verbiage there are still a few salient facts that are worth repeating. Barbados cannot grow all the food it consumes, unless we want to stop eating rice and bread as we know them, and eat only a fraction of the meat we now enjoy. We do not have the land area to raise a large enough number of cattle and sheep for grazing and we do not have the climate for wheat or rice. What we can do is to try to ensure that we export as much food as we import, and to remember that the sugar which we export is a food export. In 1961 the country was exporting 58% more food than is imported – \$35.5 million in exports as against \$22.4 million in imports, a favourable balance of \$13.1 million. After 15 years, by 1976 the trend was reversed and the country was importing 38% more food than it exported – \$96.9 million in imports against \$69.98 million in exports, an unfavourable balance of almost \$27 million.

Apart from these stark figures showing how we have slipped, there are other reasons why the Government is determined to give a new impetus to agriculture.

Over the past 15 years, Barbados has, by design, pursued an export-oriented approach to development. In this regard, export sectors, particularly tourism and manufacturing have been brought rapidly to the forefront as the spheres of economic activity in the country. The pursuit of this approach remains valid so long as the level of international demand for our manufactured goods and tourist and other services justifies investment on our part in export activity.

The present problems in the international economy point to the clear need on our part to develop a sector which can perform the role of an internal economic stabiliser and which is capable of picking up the slack in income and employment generation when our export sectors decline as a result of international recession. The construction sector has admirably performed such a role in the last two years. But it is clear that the degree to which construction can continue to be the chief internal stabiliser is limited by the fact of its dependence on the availability of foreign exchange. It is considerably more effective to develop agriculture in this capacity both because of its high domestic value-added as well as the existence of strong domestic demand, as evidenced in the size of the food import bill.

To move agriculture in this direction will pose special and complex problems. For instance, agricultural activity is characterised by such high risk and uncertainty that the sector will always experience some difficulty in gaining access to commercial credit and crop insurance. For this reason the sector needs at least as liberal incentives to expand its income, foreign exchange and employment generating capacity as the other productive units of the economy.

In the face of such a situation, the sector has traditionally enjoyed only a tenuous claim on the country's financial resources. Throughout the 1970's it managed to command just over 4% of the credit extended by the commercial banking system, and just under 4% of public expenditure. Such support has not been commensurate with the sector's contribution to GDP, to employment and foreign exchange generation, and the sugar sector in particular has had to put up with heavy social and in some cases Governmental disincentives to its role as a vital producer of foreign exchange.

Agriculture clearly stands in need of a New Deal. It is therefore Government's intention to make available to the sector a package of incentives and supports which bear some relationship to those now being applied in the other major industries, and which will facilitate the realisation of the role we are now asking the sector to assume – although let me say, Mr. Speaker, that I have no intention of putting the sector on Welfare, as some of its representatives seem to want.

A new Agricultural Development Act is currently under preparation and this will consolidate and rationalise the present range of incentives and subsidies available under the Farm Incentives Scheme. It will introduce new financial and fiscal measures for the sector's support.

But until this Act is in place I am proposing the following incentives for agriculture and farming activity:

1. *Subsidies for Spraying Equipment*

The present grant for the purchase of spraying equipment has been overtaken by inflation. The price of a good quality sprayer is now in the vicinity of \$360, and the maximum grant is only \$50. The maximum grant will now be increased from \$50 to \$180 and will be extended to cover sprayer cans for use in the spraying of weeds as well as livestock.

2. *Insecticides, Fungicides and Fertiliser*

The present rebate of 10% of the cost of insecticides, fungicides and fertiliser is not being utilised. Considering that numerous pesticides are now available at the Government seed stores at reasonable prices, that no duty is paid on the import of these items, and in the light of the fact that the rebates are not being used, Government will discontinue this facility.

3. *Irrigation*

The current estimated cost of establishing an irrigation facility for an 8 hectare unit is put at \$60 000. The present grant which carries a maximum of \$6 000 per farmer would seem to be most inadequate. I therefore propose to increase the maximum irrigation grant to \$30 000 per farmer. To effect economies in the use of such expensive facilities, Government proposes to allow a grant of 60% of the cost of establishment where 2 or more farmers are willing to share in the establishment and use of such facilities. Applications for such grants must however be accompanied by comprehensive farm plans. The procedure for the disbursement of the grant will in future be so ordered as to facilitate the disbursement of up to 50% of the amount towards the cost of sinking the well.

4. *Promotion of Indigenous Feeding Systems*

Imports of animal feed were estimated in 1981 to be of the order of no less than \$20 million. Given the need to reduce the burden of costs imposed by feed, Government proposes to encourage the increased use of less expensive locally produced feeds, and new support measures will be offered in the following areas:

(i) *Pasture Development*

The current cost of establishing a hectare of pangola grass is approximately \$1 820 while the cost of fencing is \$4 200. To encourage farmers to improve and expand pasture production, the maximum grant for the establishment of approved pasture grasses will be increased from \$74 per hectare to \$500. The fencing grant will be raised from \$124 to \$1 200 per hectare and both grants will now apply for up to 10 hectares rather than the present 8.

(ii) *Utilisation of Sugar-Cane*

It has been successfully demonstrated that sugar-cane can be used as a major source of energy in the feeding of livestock. The use of the complete sugar-cane as a livestock feed on a commercial basis however calls for a special cane chopper, presently priced in the vicinity of \$5 000. It is therefore proposed that a grant of 50% of the cost of a sugar-cane chopper, up to a maximum of \$2 500 be offered to livestock farmers.

(iii) *Use of Silos*

The supply of feedstock would be much improved by the conservation of fodder during periods of plenty for use during periods of scarcity; as is the practice in the rest of the world. The cost of establishing a silo for small farmers has been put at \$8 000. Government proposes to move the dairy industry in the direction of this modern practice by allowing a grant of 25% in the first instance of the cost of establishing a silo up to a maximum \$2 000 per farmer.

In due course the Government will reconsider the present policy of duty-free imports of animal feeds if it appears that a price incentive is necessary to elicit alternative local methods of producing livestock fodder.

5. *Orchard Development*

Fruit is perhaps the area of our greatest agricultural failure. At present, Barbados imports a substantial volume of fresh and processed fruit both for the household and tourist markets. Domestic production is however seriously constrained because the maintenance of fruit trees in a compact — if I may say so, professionally — stance is not widely practised. In addition, while many Barbadian soils are not suitable for orchard crop production, the Scotland District appears to be the best site for locating a major thrust in this area.

In consequence, Government proposes in accordance with its most recent election Manifesto —

- (i) to declare the district to be a fruit tree zone;
- (ii) to extend a maintenance grant to producers in the Scotland District who grow approved fruit trees in compact stances of at least 50 trees of \$3 per tree per annum up to a maximum of 500 trees.

6. *Import Duty Concessions*

Government has already exempted a number of agricultural inputs from the payment of import duty at a cost of approximately \$2 million to the Revenue, but one omission has been imports of milking machinery and equipment. I now propose that all Dairy machinery and equipment will be given duty-free status and I will amend the forthcoming Customs Tariff Exemption Schedule accordingly.

7. *Credit and Insurance Facilities for Agriculture*

Government recognises that the agricultural sector is presently poorly served in terms of its access to credit and by the absence of any insurance facilities except in the case of the sugar industry. No single generalised approach to the credit problems of the sector will suffice, given differences in the relative demand for initial as distinct from working capital from agricultural sub-sector to sub-sector. I have therefore commissioned the Ministry of Agriculture to undertake a comprehensive assessment of the credit arrangements now being applied in the sector and to devise for the Ministry of Finance's attention a credit plan which relates to the specific

needs of the various sub-sectors of the industry. The Government further intends to create a tax regime which will in appropriate cases, allow farmers in the agricultural export sectors other than sugar to write off their capital expenditures 100% against profits and to enjoy income tax concessions on their earnings from exports. Finally, looking towards the medium and long-term, the Government is now exploring with the IADB the feasibility of making available Sector rather than Project loans, to meet the initial and working capital requirements of high priority sectors. The Agricultural sector will be targeted as a major recipient of such concessionary financing when the facility comes into operation.

Industrial Buildings

I turn to another productive sector, Mr. Speaker, that of manufacturing industry. We have reached the stage in our industrial development where the Industrial Development Corporation should no longer be seen as the only landlord-authority for the construction of factory buildings for industry.

Over the years the rents charged for factory space contained a substantial element of subsidy. Due to changing economic conditions, the Government can no longer afford to subsidise factory construction, and in the light of recent World Bank loans for the building of factory space, it is necessary to move away from subsidisation and to a position where the cost of providing the buildings is reflected in the rental charges.

The Industrial Incentives (Factory Construction) Act, which provided for the grant of income tax relief and depreciation allowances to certain approved builders of factories, as well as freedom from customs duties on building materials and equipment was passed in 1965. It has never been used, but within the last two years Government has received a number of requests from private sector investors who wish to construct buildings for industrial use. It is clear that incentives superior to those in the present legislation are needed, since the Government still considers that persons other than the Industrial Development Corporation should be encouraged to build factories. It is therefore proposed that such persons will be granted income tax concessions for:

- (i) the building of new factory space;
- (ii) the adapting, altering or reconstructing of buildings, and
- (iii) the provision of workshop space of not less than 60 square metres.

I propose that an initial allowance on capital expenditure on the construction, adaptation, alteration or reconstruction of buildings of 40% of the cost and an annual allowance for the remaining 60% at 4% per annum straight line, so that the buildings can be written off over 15 years.

HOUSING

The other and final area on which I would touch, Mr. Speaker, is that of Housing. I am aware that despite the international economic recession the wish of the people of Barbados to improve their housing continues. The Government has therefore set aside

\$1 million per year for 3 years as an equity contribution to the Barbados Mortgage Finance Corporation starting from this year. This expanded equity base will enable the Corporation greatly to increase its funds for on-lending to potential home-owners. The Government is also negotiating with the Government of the United States for a very substantial sum of money to be made available under the US Housing Guarantee Scheme by which the Governments of the United States and of Barbados would guarantee repayments under a major housing package that would provide funds for lower income families to improve their housing through very long term loans. The plan would be for the funds, in US currency, to be paid into the Central Bank from American sources for disbursement to the lending institutions which would embrace a range of organisations, including credit unions. The scheme would reach many more Barbadians than at present have access to the Barbados Mortgage Finance Company or similar institutions and I have every confidence that such a programme could initiate the new deal in housing as a social sector that we are proposing for agriculture and industry as productive sectors of the economy.

That, Mr. Speaker, concludes the economic statement and budgetary proposals and the financial incentives.

The proposals which I have delivered this evening will result in increased charges of \$30 250 000, revenue loss of \$2 100 000 and increased incentives of \$600 000. These sums are made up as follows:

Surcharge on corporate profits	\$2 000 000
Tax on Insurance Premiums	500 000
Betting and Gaming	200 000
Liquor and Cigarettes	5 500 000
Consumption Taxes, general	1 800 000
Gasolene and Diesel	2 600 000
Motor vehicles consumption tax	1 600 000
Highway Revenue	2 400 000
Parking fees	50 000
Driving Licences and Police fees	1 200 000
Liquor Licences	400 000
Registration and Notarial Fees	750 000
Stamp Duty	8 500 000
Registration of Professionals	400 000
Banking Fees	2 100 000
Wireless Telegraphy Fees	50 000
Hospital Fees	200 000
	\$30 250 000

The tax concessions are:

Income Tax	\$ 2 000 000
Turf Club	100 000
Agricultural Incentives	600 000
	\$ 2 700 000

Mr. Speaker, that concludes the first Budget of the second term of office of the new Barbados Labour Party Government. Last year I recited the achievement of our first term.

This year I am inviting Barbadians to face the challenges as we enter upon our second. There is no doubt that a cold wind is blowing through the entire world economic structure and that the only countries which will survive without damage and disruption are those which make serious efforts to come to grips with their problems. Barbados in 1978 was one of the countries which mobilised a sense of national purpose and emerged triumphant, on to a new plateau of economic achievement. Now in 1982 the international economic outlook is much more disturbing than it was five years ago, and we in Barbados have much more to lose. The question may be asked what can we do about it. The answers are not easy. We can do nothing about interest rates in North America, about the price of petroleum in the Persian Gulf, or about policies of deflation and tight money in Western Europe. We will do little if for partisan political purposes we suggest that what is a desperate world problem is caused by the policies of the Barbados Labour Party. That is not just an empty answer. It is not even an answer. The Government's answer is that as a people we can do something about the burning down of canefields; we can do something about making Barbados a clean, law-abiding, reasonably priced tourist destination; we can ask for a little less today in order to get more tomorrow.

We can show that as affluence has increased we have not lost the spirit of self-help and sacrifice that lifted us up and gave us strength. Our 30 000 motor cars must not make us forget that we once had to walk; 102 000 of our citizens at work must not make us forget that only seven years ago the number was 80 000; an old-age pension of \$33 a week must not make us forget that five years ago it was only \$13.

We have these achievements behind us, Mr. Speaker. With the help of the people we will have more but we must understand that the way ahead is not easy. But if we persevere, if we exercise restraint, above all if we have faith in our future, our efforts will be rewarded.

SUMMARY OF BUDGETARY PROPOSALS – 1982

1. Changes in Income Tax Allowances for rent as follows:

- (a) An allowance of up to 20% for rent paid for a dwelling-house or \$1 800, whichever is the lesser in an income year;
- (b) A limit of \$14 400 per annum as the maximum amount to be assessed as the value of the benefit enjoyed by an employee who occupies a residence rent-free whether owned or rented by his employer;
- (c) Where the house is unfurnished the taxable value of the benefit will be computed at 8% of the improved value of the property and at 10% where it is furnished.

The above changes come into effect from income year 1982 and the revenue loss is estimated at \$1.6 million.

- 2. Increased child Allowances for income year 1982. The revenue loss is estimated at \$400 000.
- 3. Vendors will be required to show the amount of commission paid to Real Estate Agents.
- 4. Imposition of temporary surcharge of 3% on corporate profits. Additional revenue of \$2.0 million is estimated.
- 5. Tax on Insurance Premiums remitted to foreign companies which are not registered under the Insurance Act. Additional revenue of \$500 000 is anticipated.
- 6. Increase in non-contributory Old Age Pensions to \$33 from April 3, 1982 and to \$40 per week from April 1984. Also, the contributory minimum National Insurance Pension will rise to \$40 per week from April 3, 1982 and to \$50 in 1984.
- 7. National Insurance Contributions increased 4% to be shared equally by employer and employee.
- 8. Gaming and Betting tax on Instant Money Cards (tickets) to be increased from 10 cents per ticket to 30 cents per ticket and the Consumption Tax from 20% to 30% from April 1, 1982. Additional revenue of \$200 000 estimated.
- 9. Gaming and Betting tax on Barbados Turf Club tickets will be reduced from 10 cents per ticket to 5 cents per ticket. Revenue loss of \$100 000 anticipated.
- 10. Consumption taxes on liquor and cigarettes increased. Also, Excise Duty and distillers' licence on rum increased by 65 cents per litre and 4 cents per litre respectively. Additional revenue of \$5.5 million is estimated.

Changes in Consumption taxes on cosmetics, miscellaneous plastics and other items. Additional revenue of \$1.8 million is expected.

SUMMARY OF BUDGETARY PROPOSALS -- *Cont'd*

11. Tax on gasoline increased by 3 cents per litre and that on diesel (48/52) by 6 cents per litre. Additional revenue of \$2.6 million is estimated.
12. Consumption taxes on motor vehicles (excluding lorries) increased to 50% and 70% from April 1, 1982. A rebate of 20% will be granted on vehicles imported by garages. Additional revenue of \$1.6 million is anticipated.
13. Price controls on motor vehicles will remain in force for 12 months after date of importation. Also, in order to obtain an import licence for direct importation of a motor vehicle, the full amount of duty and consumption tax will have to be deposited with the Comptroller of Customs.
14. Licence fees for motor vehicles increased from April 1, 1982. A new tax regime has been introduced to deal with trailers and articulated units. Additional revenue of \$2.4 million expected.
15. Parking fees increased from April 1, 1982. Additional revenue of \$50 000 expected.
16. Driving licences and other fees now collected by the Police Department increased with effect from April 1, 1982. Additional revenue of \$1.2 million estimated.
17. Liquor Licences increased from April 1, 1982. Additional revenue of \$400 000 estimated.
18. Notarial and other services provided by the Registrar increased with effect from July 1, 1982. Additional revenue of \$750 000 expected this financial year.
19. Increased Stamp Duties from April 1, 1982. Additional revenue of \$8.5 million is expected.
20. Increased fees for registration of professionals with effect from 1983. Additional revenue of \$400 000 is expected.
21. Increased fees for banking licences and the introduction of a tax on average assets for the previous year. Additional revenue of \$2.1 million expected in a full year. The tax on assets takes effect from July, 1982.
22. Increased Wireless Telegraphy fees. Additional revenue of \$50 000 expected in a financial year.
23. Increased fees at the Queen Elizabeth Hospital and Psychiatric Hospital from April 1, 1982. Additional revenue of \$200 000 is estimated.
24. Increased water rates from April 1, 1982, and in successive years, and the introduction of charges for connection to the sewage system.

SUMMARY OF BUDGETARY PROPOSALS – *Concluded*

- 25. Incentives for Agriculture. Cash incentives will be \$600 000.
- 26. Annual allowance for industrial buildings at the rate of 40% of the cost and for the remaining 60% a per annum allowance at the rate of 4%.
- 27. New source of funds for Housing being negotiated.

Appendix I

Tariff Heading Number	Description of Goods	Rate of Tax
06.03	Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared.	15%
06.04	Foliage, branches and other parts (other than flowers or buds) of trees, shrubs, bushes and other plants, and mosses, lichens and grasses, being goods of a kind suitable for bouquets or ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared.	15%
Ex. 22.01	Waters, including spa waters and aerated waters; ice and snow:	3 cents per container 4 cents per container .015 cents per millilitre
22.01.1	Aerated waters	
22.02	Lemonade, flavoured spa waters and flavoured aerated waters, and other non-alcoholic beverages, not including fruit and vegetable juices falling within heading No. 20.07:	
	(i) Containers not exceeding 207 ml	
	(ii) Containers exceeding 207 ml but not exceeding 355 ml	
	(iii) Containers exceeding 355 ml	.015 cents per millilitre
22.03	Beer made from malt:	60 cents per litre
22.04	Grape must, in fermentation or with fermentation arrested otherwise than by the addition of alcohol:	\$5.00
22.05	Wine of fresh grapes, grape must with fermentation arrested by the addition of alcohol:	\$5.00
22.06	Vermouths and other wines of fresh grapes flavoured with aromatic extracts	\$5.00
22.07	Other fermented beverages (for example, cider, perry and mead)	\$5.00

Appendix I – *Cont'd.*

Tariff Heading Number	Description of Goods	Rate of Tax
Ex. 22.09	Spirits (other than those of Heading No. 22.08): Liqueurs and other spirituous beverages; Compound alcoholic preparations (known as "concentrated extracts") for the manufacture of beverages:	
	Whisky: In bottle of a strength not exceeding 80% proof spirit	\$8.00 per litre
	Blended whisky	\$20.00 per litre
	Other	\$9.00 per litre
	Brandy: In bottle of a strength not exceeding 80% proof spirit	\$8.00 per litre
	Blended brandy	\$20.00 per litre
	Other	\$9.00 per litre
	Gin: In bottle of a strength not exceeding 80% proof spirit	\$8.00 per litre
	Other	\$9.00 per litre
22.09.5	Vodka	\$8.00 per litre
Ex. 22.09.9	Other	
22.09.91	Cordials and liqueurs	\$5.00 per litre
22.09.93	Other aromatic bitters	\$5.00 per litre
22.09.99	Other spirits	\$15.00 per litre
24.02	Manufactured tobacco; tobacco extracts and essences	
24.02.1	Cigars and cheroots; cigarillos	\$15.00 per kg

Appendix I – Cont'd.

Tariff Heading Number	Description of Goods	Rate of Tax
24.02.2	Cigarettes	25 cents per 5 cigarettes
24.02.3	Snuff	\$15.00 per kg
24.02.9	Other	\$15.00 per kg
33.06.5	Cosmetics and other products for the care of the skin	15%
33.06.6	Manicure preparations	15%
33.06.7	Products for the care of the hair (excluding shampoo)	10%
33.06.9	Other	10%
39.07	Articles of the materials of the kind described in headings Nos. 39.01 to 39.06	10%
71.16	Imitation jewellery	15%
84.18.2	Spin driers for domestic use	15%
85.07	Shavers and hairclippers, with self-contained electric motors	15%
Ex. 87.02	Motor vehicles for the transport of persons, goods or materials (including sports motor vehicles, other than those of heading No. 87.09): Other than lorries and trucks of weight unladen exceeding 2 tonnes designed for the carriage or haulage of goods and public service type passenger vehicles with a carrying capacity of more than 25 persons imported for use by the Transport Board: (i) Where the chargeable value does not exceed \$16 000 (ii) Where the chargeable value exceeds \$16 000	50% 70%
Ex. 97.04	Instant Money Cards (Tickets)	30%

Appendix II

Fees charged by the Police Department

	<i>Proposed Fees</i>
	\$ ¢
Motor Drivers Test	30 00
<i>Police Band:</i>	
(a) 35 members or more not exceeding 2 hours	500 00
(b) Less than 35 members not exceeding 2 hours	350 00
(c) Dance Band not exceeding 12 members not exceeding 5 hours	1 000 00
5 hours	1 000 00
<i>Police Bus:</i>	
Transportation	75 perk.m.
Certificate of Character	10 00
Parking Places:	20 00
(a) for one (1) hour	50
(b) for two (2) hours	1 00
(c) over two (2) hours	2 00
(d) per month	100 00
<i>Reports:</i>	
Road Accidents	50 00
Statement on accidents	10 00
Stolen Property	50 00
Fires	50 00
<i>Driving Licences and Badges:</i>	
(a) For 3 years	50 00
For 1 year	20 00
Duplicate Licences	5 00
(b) Learner's Permit	15 00
Learner's Renewals	10 00
(c) Visitors Drivers Permits	20 00
(d) Drivers Badges	5 00
(e) Conductors Licences	15 00
(f) Conductors Badges	5 00
(g) International Driving Licences	30 00
Burglar Alarms	150 00
<i>Firearms Licences:</i>	
Firearm	75 00
Sporting Pistol	50 00
Dealers Licence	400 00

Appendix III
NOTARIAL SERVICES

(A)	<i>Proposed</i>
	\$ ¢
For recording each certificate, affidavit or affirmation annexed to any instrument wherever executed or made, the folio of 90 words	1.00
For recording a plot by filing a duplicate copy thereof	10.00
For recording a plot, such fee as may be fixed by the Registrar having regard to the size and nature of the plot, not exceeding	250.00
For recording a probate	2.00
For recording a receipt to a sale or to any other document	2.50
For recording papers of any kind, other than those herein-before mentioned, the folio of 90 words	1.00
Correcting errors in Deeds and recording same	25.00
Office copies of any document or paper the folio of 90 words	.75
Search of any record by any person, other than an Attorney-at-Law or his clerk on his behalf, for each year	5.00
The perusal of any record by any person, other than an Attorney-at-Law or his clerk on his behalf	20.00
Certificate of search made, for each year	2.50
The allowance of any writing under the seal of any city, borough, or town corporate	5.00
Perusal of Companies file by any person other than an Attorney-at-Law	10.00
For drawing a protest on a bill and recording same	25.00
For affixing seal of office only to any certificate and administering oath, if required	20.00
For marking each paper as an exhibit	5.00
For noting a protest on a vessel	50.00
For drawing a protest for a vessel, administering oath to seamen if required and recording same	200.00
For noting a protest on a bill	20.00

Appendix III – *Cont'd.*NOTARIAL SERVICES -- *Cont'd.*Proposed
\$ ¢

For drawing a certificate or deposition and affixing seal of office and administering oath, if required	50.00
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NOTINGS ON RECORDS OF JUDGMENTS

Where the amount of the judgment does not exceed \$1 000	10.00
Where the amount exceeds \$1 000 but does not exceed \$10 000	50.00
Where the amount exceeds \$10 000	100.00

MISCELLANEOUS

For affixing the Public Seal to any document or paper other than a passport or certificate of nationality	50.00
For recording documents or papers other than those particularly mentioned in this Schedule, the folio of 90 words	1.00
For recording or cancelling certificates of loan under the Sugar Industry Agricultural Bank Act	5.00

STAMP DUTIES

(B)

<i>Agreement</i> or any Memorandum of an Agreement under hand only, and not otherwise specifically charged with any duty, whether the same be only evidence of a contract or obligatory upon the parties from its being a written instrument, not made by a public officer officially	2.50
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<i>Appraisement</i> or valuation of any property or of any interest therein or of the annual value thereof or of any dilapidations or of any repairs wanted or of the materials and labour used or to be used in any building or of any artificer's work whatsoever –	} 2/5 of 1%
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Assignment of property real or personal, not otherwise charged under this Act –

Where the value does not exceed \$250	} 1 ³ / ₅ of 1%
Where the value exceeds \$250 for each additional \$250 or part thereof	

Assignment of certificate under the Agricultural Aids Act

For every \$500 or part of \$500	1/5 of 1%
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Appendix III – *Cont'd.*
STAMP DUTIES – *Cont'd.*

	<i>Proposed</i> \$ ¢
<i>Award</i> – whether made by Agreement or under the order of a Court or otherwise –	
Where the amount or value of the matter in dispute exceeds \$50 and does not exceed \$125	} 1 $\frac{3}{5}$ of 1%
Where the amount or value of the matter in dispute exceeds \$125 and does not exceed \$250	
And for every additional \$250 or part thereof	
<i>Bill of Lading</i> –	
Every signed copy except the Master's	
In trade between member countries of the Caribbean Community as defined in the Caribbean Community Act 1974	2.50
In any other trade	5.00
<i>Bond or Covenant not otherwise charged</i> –	
For the payment of any sum of money not exceeding \$500	} 1/4 of 1%
For every additional \$500 or part thereof	
Bond of Indemnity or other bond not being for the payment of a specific sum of money	25.00
<i>Charterparty</i> –	
On every charterparty or copy	100.00
<i>Counterpart</i> –	
Of any instrument chargeable with any duty when such duty does not amount to \$2.50	5.00
In any other case	10.00
<i>Customs</i> –	
On every warrant or set of warrants passed on the importation of goods	2%
On every warrant or set of warrants to pass goods out of bond for home consumption	2%

Appendix III – *Cont'd.*STAMP DUTIES – *Cont'd.*

	<i>Proposed</i> \$ ¢
Deed of any kind whatsoever not described elsewhere in this Schedule	
Involving property under \$500	25.00
Involving property of \$500 or over	50.00
Lease or Agreement for a Lease	
Where the rent whether reserved yearly or otherwise is at a rate or average rate	1%
Where the consideration for the lease is of any kind whatsoever	25.00
Surrender of lease –	
Where duty with which the lease is chargeable does not exceed \$10	same as original lease
In any other case	10.00
Licence for Marriage, both parties national	10.00
Licence for Marriage at lease one party is non-national	25.00
Notarial Act of any kind	10.00
Partnership –	
Articles or other agreement for	100.00
Police Certificate to intending travellers – annually	2.50
Policy of Insurance –	
Life on all policies executed or issued in this Island for every \$500 or part thereof of the amount insured	10.00
Fire, etc. for any payment agreed to be made by way of indemnity against loss or damage of or to any property in this Island by fire or otherwise, and on the transfer and assignment of any such policy –	
For every \$500 or part of \$500 insured	1/20 of 1%
Receipt or discharge for any payment made or expenditure incurred by way of indemnity against loss or damage of or to any property in this Island by fire or otherwise	at the rate of 1%

Appendix III – *Cont'd.*
STAMP DUTIES – *Cont'd.*

Proposed
\$ ¢

Sea Insurance –

For or upon any voyage –

In respect of every full sum of \$500, and in respect of any fractional part of \$500

For time –

In respect of every full sum of \$500 and in respect of any fractional part of \$500

1/20 of 1%

Where the insurance is made for any time not exceeding 6 months

1/20 of 1%

Where the insurance is made for any time exceeding 6 months and not exceeding 12 months

1/10 of 1%

Provided that if the separate and distinct 2 or more persons are insured by one policy for a voyage or for a time then the appropriate duty shall be charged thereon in respect of every full sum of \$500 and every fractional part of \$500 thereby insured upon any separate or distinct interest.

Postal Packets –

Insurance of otherwise than by the Post Office –

For every \$250 or part thereof

.50

Power of Attorney or Substitution under one or more powers of Attorney

10.00

Power of Attorney notwithstanding the same shall be made by the same person or several persons in different capacities and in respect of several properties, moneys, securities, matters and things –

If under seal

25.00

If not under seal

10.00

Power or Letter of Attorney or Substitution of every other kind

25.00

Ship –

On each report on entry or clearance of a ship –

For ships under 500 tons net register

25.00

For ships of 500 tons net register or over

100.00

Appendix III – *Cont'd.*STAMP DUTIES – *Concluded*

	<i>Proposed</i>
	\$ ¢
Survey of Land, warrant for	10.00
Traveller's cheques –	
For each cheque not exceeding \$50	.10
For each cheque exceeding \$50	.50
Trusts –	
Any instrument by which a new trustee is appointed or discharged	25.00
Transfer of Property by personal representative to beneficiary	1/2 of 1% of value

TRADE UNIONS

(C)

For registering Trade Unions	500 00
For registering alterations in rules	100 00
For inspection of documents	10 00
For Certificate of Registration of Change of Name	5 00
For a direction to transfer stock	10 00
For Registration of Notice of Dissolution	5 00
For registration of amalgamation	5 00
For every document require to be authenticated by the Registrar, not chargeable with any other fee	5 00

For every copy or extract of any document in the custody of the Registrar
– 60¢ per folio of 90 words in addition to fee for authentication.

LIQUOR LICENCES

(D)

A general wholesale licence	5 000 00
A wholesale licence	2 500 00
A retail licence	350 00
An hotel licence in respect of an hotel containing	
(a) up to 25 bedrooms	1 000 00
(b) 26 to 50 bedrooms	2 500 00

Appendix III – *Cont'd.*LIQUOR LICENCES – *Cont'd.*

	<i>Proposed</i>
	\$ ¢
(c) 51 to 100 bedrooms	5 000 00
(d) over 100 bedrooms	10 000 00
A restaurant licence	350 00
Occasional licence	50 00
A member's Club licence	200 00
A proprietary club licence	2 500 00
A druggist licence	100 00

FEES UNDER MARRIAGE ACT 1978–40

(E)

Issuing Marriage Licence	
National	35 00
Non-National	100 00
Lodging objection to issuing of Marriage Licence OR Magistrate's Certificate	
National	150 00
Non-National	150 00
Issuing of Magistrate's Certificate	
National	35 00
Non-National	100 00
Solemnization of Civil Marriage	
National	50 00
Non-National	100 00
Registration fee for Marriage Officer	
National	25 00
Non-National	50 00
Annual Registration Fee	
National	25 00
Non-National	50 00

Appendix III – Concluded

CONDOMINIUM FEES

		<i>Proposed</i>
		\$ ¢
(F)		
1.	Under Section 4(3) of the Act –	
	(a) for recording a Declaration	5 000 00
	and where the building to which the Declaration relates is designed for internal sub-division into more than 10 units, an additional fee per unit in excess of 10 units or	25 00
	(b) for recording an amendment to a Declaration	125 00
	and where the amendment provides for an increase in the number of units stated in the Declaration an additional fee for every new unit of	25 00
2.	For recording a certificate of discharge lodged under section 21(4) of the Act	50 00
3.	For recording the name and place of residence or business of a person nominated by a body corporate to receive the service of summonses, notices or other processes in accordance with section 29(1) of the Act	50 00

REGISTRATION OF PROFESSIONALS

(G)

First Schedule

Part I	–	\$1500 (include specialist doctors)
Part II	–	\$1000 delete druggists include Accountant, Actuary Architect

Second Schedule

Delete I

Part II

Change to Part I and Charge \$500 and
include Druggists, Builders and Con-
tractors, Auctioneers

Part III

Change to Part II and Charge \$100

Third Schedule

\$10

Appendix IV

PROPOSED REVISION OF THE FEES PAYABLE UNDER THE WIRELESS
TELEGRAPHY ACT, 1940, AND THE REGULATIONS
MADE THEREUNDER

(a) *The Wireless Telegraphy Act, 1940 and amended Regulations 1978*

	<i>Present Fee</i> \$	<i>Proposed Fee</i> \$
(1) Fee for obtaining/renewing licence to sell or deal in wireless apparatus	200	500

(b) *The Wireless Telegraphy Act, 1940 (Land Mobile and Fixed Radio Telephone Services) Regulations, 1978*

	<i>Present Fee</i> \$	<i>Proposed Fee</i> \$
(1) Repeater station assigned on a separate or shared frequency	150	300
(2) Fixed (Based) station assigned on a separate or shared frequency	30	40 per channel
(3) Land Mobile station assigned on a separate or shared frequency	15	25 per channel
(4) Aeronautical mobile station assigned on a separate or shared frequency	15	75
(5) Aeronautical fixed (Based) station assigned on a separate or shared frequency	75	150
(6) Paging system 1–10 papers assigned on a separate or shared frequency	125	200
(7) Paging system 11–100 papers assigned on a separate or shared frequency	250	350
(8) Paging system over 100 papers assigned on a separate or shared frequency	500	800
(9) Mobile radio telephone (through telephone network) assigned on a separate or shared frequency	New	50

Appendix IV – Cont'd

(b) *The Wireless Telegraphy Act, 1940 (Land Mobile and Fixed Radio Telephone Services) Regulations, 1978 – Cont'd*

	<i>Present Fee</i>	<i>Proposed Fee</i>
	\$	\$
(10) Annual fee for Base station Citizen Band Radio	30	40
(11) Annual fee for Mobile station Citizen Band Radio	15	30

(c) *Wireless Telegraphy (Amateur Transmitter) Regulations, 1978*

	<i>Present Fee</i>	<i>Proposed Fee</i>
	\$	\$
(1) Examination Fee	15	30
(2) Fee for obtaining a licence to keep/renew, install, erect and use an amateur wireless transmitter	15	30
(3) Annual fee for mobile amateur transmitter supplemental to the main licence	10	15

(d) *The Wireless Telegraphy Act 1940 (Model aeroplane, model racing cars and model trains) Regulations, 1978*

	<i>Present Fee</i>	<i>Proposed Fee</i>
	\$	\$
(1) Fee on obtaining a licence to keep/renew, install or operate model aeroplanes, model trains and model racing cars	10	15

Appendix V

*Fees charged at Queen Elizabeth Hospital and Psychiatric Hospital
for Accommodation and Treatment*

	Citizens and Ordinarily Resident Persons	Others
	\$	\$
(I) <i>Q.E.H.</i>		
(a) Private room (air-conditioned with direct access to bathroom)	70 00 per day	140 00 per day
(b) Other private rooms	60 00 per day	120 00 per day
(c) Ward accommodation other than in the Intensive Care Unit for persons not eligible for free service	20 00 per day	40 00 per day
(d) Accommodation in the Intensive Care Unit for persons not eligible for free service	70 00 per day	140 00 per day
2. Use of Operating Theatres		
(i) for major operations	60 00	120 00
(ii) for Intermediate operations	40 00	80 00
(iii) for minor operations	20 00	40 00
3. Physiotherapy and other technical or professional service not specified elsewhere —		
(a) simple treatment or session	5 00	10 00
(b) compound or multiple treatments or sessions	10 00	20 00
4. Use of electrocardiograph or any other equipment or facilities not specified elsewhere:		
For each investigation	6 00	12 00
5. Use of laboratory equipment —		
(a) for examination costing \$5.00 or under	2 00	4 00
(b) for examination costing over \$5.00	6 00	12 00

Appendix V –Cont'd

	Citizens and Ordinarily Resident Persons	Others
	\$	\$
(I) <i>Q.E.H. – Cont'd</i>		
6. Use of X-Ray Machines		
(a) for examination costing \$15.00 or under	6 00	12 00
(b) for examination costing over \$15.00	10 00	20 00
7. Medicines	In accordance with Barbados Drug Service Regulations	Cost of Medicine plus 50%
8. Radio Headphones	1 00	2 00
9. Use of Hospital Vehicle by patient per trip	20 00	40 00
10. Telephones: each extension per day (excluding overseas calls).	2 00	2 00
11. Storage of dead bodies in the Hospital Mortuary	\$5.00 an hour after the expiry of 12 hours after notification to the next of kin of the availability of the body for release.	
(II) <i>Psychiatric Hospital</i>		
Pay Wards:	100 00 p.m.	200 00 p.m.

GOVERNMENT NOTICES

Rt. Hon. J. M. G. M. ADAMS: I beg to move that Government Notices be re-opened.

Mr. SPEAKER: The Rt. Hon. Prime Minister is seeking leave to re-open Order No. 10 for the giving of Government Notices.

If there is no objection, leave will be granted.

There being no objection, leave is granted. The Rt. Hon. Minister may proceed.
7.10 p.m.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I beg to give notice of the following Resolution:

Whereas, the present international economic recession has placed severe pressure on the economy of Barbados and presents a continuing threat for the future;

And Whereas, despite these difficulties, the Government by its policies during the past year has been successful in reducing unemployment and containing the rate of inflation;

Be It Resolved that this House commends the Government on its programme and endorses the 1982 Budgetary Proposals.

Mr. Speaker, I beg to give notice of the following Bills:

A Bill to amend the Consumption Tax Act 1980.

Bill to amend the Stamp Duty Act.

I formerly move the passing of the Resolution of which I have just given notice relating to the Budgetary Proposals.

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

FIRST READING OF BILLS

On motion of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. H. B. St. JOHN, a Bill to amend the Consumption Tax Act, 1980 was read a first time.

On motion of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. H. B. St. JOHN, a Bill to amend the Stamp Duty Act was read a first time.

SUSPENSION OF SITTING

Hon. L. S. CRAIG: Mr. Speaker, this bring us to the end of this evening's sitting. I beg to move that this

sitting be suspended until 4.15 p.m. tomorrow evening, whereby the chief spokesman for the Opposition would give his reply to the Budgetary Proposals. Of course, the same arrangements which we have this evening will also be available to him.

I beg to move that this sitting be suspended until 4.15 p.m. tomorrow evening, April 1, 1982.

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

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

7.20 p.m.

On Resumption: -

Mr. SPEAKER: This sitting is now resumed.

Dr. R. C. HAYNES: Mr. Speaker, this is the third occasion in the past twelve months when I have had the honour to speak in this August Chamber on behalf of this party, the Democratic Labour Party, of which I am a member.

I rise to speak to the Resolution before the House which reads as follows:

"WHEREAS the present international economic recession has placed severe pressure on the economy of Barbados and presents a continuous threat for the future;

AND WHEREAS, despite these difficulties the Government by its policies during the past year has been successful in reducing unemployment and containing the rate of inflation;

BE IT RESOLVED that this House commend the Government on its programme and endorses the 1982 Budgetary Proposals."

Now, Mr. Speaker, after listening to the Rt. Hon. Minister of Finance delivering his Financial Statement and Budgetary Proposals yesterday, I really believe that he should have been delivering that statement today, which is April 1, because I do not think that everyone would share his view that all of the people of Barbados can be fooled at one and the same time.

Now, Sir, a visitor to this country said to me yesterday, "I have never heard such a ream of statistics tossed out, one after another, in an effort to confuse everyone, and to take their minds off the true facts of the matter." Sir, before I proceed I believe I should draw the attention of this honourable House to a matter that is of some concern to me.

The honourable Minister of Finance, quite nobly, in his 1977 Budgetary Statement made the following pledge to this House and to the country at large, and I read — this is page 2 of the Financial Statement and Budgetary Proposals made by the Rt. Hon. J. M. G. M. ADAMS, Prime Minister and Minister of Finance and Planning, on Friday, April 15, 1977:

"I have accordingly instructed the officials of my Ministry that, every year, I will require them to prepare an Economic Report to be tabled in this House before the presentation of the Budget, a habit out of which my predecessor as Minister of Finance had sadly fallen. This report is intended to provide the public with an analysis of recent trends in the economy and will permit a proper appreciation of the Budgetary policies which follow."

I must say, Sir, that this Economic Report was handed to me just after 7 o'clock yesterday evening. It was certainly laid in Parliament just before the Budget, but no one had access to that Economic Report until after the end of the presentation of the proposals.

The second matter that is of some concern to me is this — only on Tuesday did I receive a copy of the Auditor General's Report for the year ended March 31, 1981, a document of some 471 pages, and a document which certainly should be scrutinised if one should be in a position to have a good idea in respect of the continuity of Government's financial and accounting performance.

On page 6 of that report, the Auditor General has drawn to the attention of the Director of Finance and Planning that the final Appropriation Bill for the year ending 1981 has not been laid in this honourable House in accordance with the provisions of the Constitution and the Financial Administration and Audit Act.

My investigations would suggest that there has been no breach of the law, since the law says as soon as possible — but certainly, Sir, one must regard it, to allow a full financial year to pass without a final Appropriation Bill being presented to this House, as an indication of the kind of sloppiness in the Government, which the Minister of Finance himself complained about not so long ago.

There is in this particular document a section on page 8 which shows — and I am somewhat concerned about this — that under the heading of Other Receipts the figure of \$1.064 billion, and if you look at the items that would fall under that heading, the main variable would be Treasury Bills and temporary borrowings which together would amount to some \$876 million.

This is one of the problems which we face — it is not often appreciated that at this time of the year there are no out turn figures on Government's performance. It is not until June or July that you will have definite out turn figures, and from time to time, even in the Economic Reports, you see corrected figures. And I recall there was one occasion when, in an important area such as an assessment of the increase in real output, there was 100 per cent error in one year, in what appeared in the Economic Report and in subsequent corrections.

The third point, Sir, that I wish to bring to the attention of this honourable House is this — many persons expect us in Opposition to make specific proposals, when we speak in response to Budgetary Proposals, and the people of this country should understand that it is impossible to do so unless you have available to you all the relevant information to enable you to make substantive proposals, and therefore, any recommendation that one may make from time to time will be based principally on the trends which you detect in the economy and elsewhere.

4.35 p.m.

One year ago, in this august Chamber, the people of this country heard it said that you never had it so good — a slogan which was taken from a British Conservative Party seeking to recapture a Government, and to capitalise on the first ray of hope which the working people in the United Kingdom had seen after the trauma of an industrial revolution, two World Wars which had nothing to do with them, and a period of reconstruction under a socialist Labour Party which attended to the interests of the masses of people.

It is not surprising, Sir, that a Government elected under that same slogan should find itself in this position now. Today, the people are saying that we never had it so bad, and they are wondering why. Confused, Mr. Speaker, bewildered, questioning the very moral basis of the political processes in Barbados, many of them suffering from the pangs of hunger as they walk the streets with empty pockets, they ask what catastrophe could have been inflicted on this country between June 1981 and September 1981.

They say that they could understand it if there was a hurricane, they could understand it if there was flood, they could understand it if there was a pestilence, they could understand it if there was an earthquake — but none of these things took place, and they cannot understand what has happened to them, Mr. Speaker. Some of them ask if the day of reckoning has come.

For those who sought to deceive them, that day of reckoning has come. I should hope that by the proposals which I shall make as I finish my presentation to this

House, I would assist in postponing that day of reckoning.

Shaw has said that the worst sin towards our fellow people is not to hate them but to be indifferent to them — that is the science of inhumanity. In April last year, I established by the force of logical argument, and all Barbados will recall that I stated that this country was heading for a serious recession. And outside of this Parliament, many statements were made — and I can only say, in the words of Sydney, that liars ought to have good memories.

In September, it was denied in this honourable House that there was an economic crisis in this country. The exact statement was that there was a crisis in one section of Government, namely, Transport. By February, when the workers of Barbados sought a legitimate increase in their wages, we heard that Barbados was in a state of economic crisis and that even its financial institutions were threatened. But alas, the people of Barbados, in the words of Emerson — which I shall quote shortly — recognising those who have defended them in the circumstances, despite all the problems that face them, recognise what Emerson had said — that nothing astonishes me as much as commonsense and plain dealing.

It is in that vein, Mr. Speaker, that I started in April last year, continued in September and will continue today, April 1. One will reflect on the lamentations of Shakespeare — how every fool shall play upon the world.

This country, our beloved land, today is in the grips of a deep economic crisis caused principally, by gross mismanagement of this nation's affairs by the Government of Barbados. All the productive sectors — tourism, agriculture and manufacturing, are in serious difficulties. Government finances, Sir, is in a state of chaos. The people can bear no further taxation. Falling living standards are evident in every walk of life, in every economic grouping in this country. Unemployment increases from day to day. Prices rise weekly. The private sector is in a state of deep depression. Intolerable interest rates prevail. There is no credit within the economic system. There is a massive public debt, and an intolerable debt service burden. There are depleted foreign reserves, balance of payments problems, paralysis in Government and its financial institutions, and in the banking system in general.

Again we face the disastrous effects of gambling, particularly on one-armed bandits, on the economy of this country, as well as on its moral life. We also face unacceptably high levels of crime and drug peddling in Barbados, and as if to make it worse, all those social services, all those economic services which provide the props for the disadvantaged in Barbados are crumbling fast. I refer to our health system.

In education, welfare, public transport, housing, roads, and the prices structure of our public utilities, every effort has been made to blame the international economic recession. But, Sir, in 1981, when we were told that "you never had it so good" — and I shall produce documentary evidence to this effect — the international recession in January of 1981 was deeper, than it is today.

At that time, Sir, the honourable Minister of Finance — and if I do not quote his words exactly it would certainly be the general sense of the words — referred to Barbados as an oasis in a desert of chaos. I can only say that he has succeeded in converting a mirage into reality.

Mr. Speaker, can we seriously blame the international recession for the extensive printing of money in Barbados to the extent of \$85 million in 1981? Can we blame the international recession for the prices in the tourist sector? Can we blame the international recession for the state of our roads, our transport services, our health, our housing and our educational services? Can we blame the international recession for the progressive decapitalisation of the sugar industry in Barbados? Can we blame it for the absence of price controls within our economy? Can we blame it for punitive taxation policies, punitive particularly on the poor people of Barbados? Can we blame it for misguided welfare policies and mis-allocation of resources in the context of our welfare policies? We cannot.

4.45 p.m.

I wish to submit, Sir, that the causes of the state of the economy today lie in the disastrous domestic policies pursued by the Government of Barbados during 1981, and during the course of my presentation, I shall seek to identify what went wrong at a micro-economic level. I will identify specific policy errors in selected sectors, and based on a factual, and, I hope, correct analysis of the situation, I shall try to point out, in general terms, a way out of the present crisis which faces this country.

Yesterday, Sir, we were faced with what I could only consider to be a pathetic performance by the Minister of Finance. I was extremely disappointed and I am sure this nation must have been disappointed. What did it consist of? A considerable amount of time and recitation of the problems in the world.

Those same problems were there when he produced what he called his "Welfare Budget" last year, and he proceeded to couch in language in which people might not readily pick up the very disastrous situation facing Barbados — a fall in real output of some 2.6 percent, a decline in sugar production of some 30 percent, a

reduction in the agriculture's contribution to the GDP in Barbados from 9.6 percent to 7.7 percent, a decline not only in long staying visitors by 4.7 percent, but also the number of days from 10.2 to 9.5 days — no wonder they leave more quickly, they cannot bear the prices in Barbados — and in real terms, a decline in tourism by 9.1 percent.

Manufacturing, Sir, a decline in real terms in value of output by some 5.5 percent. The construction sector, he reported, showed a growth of some 4.5 percent, fuelled, no doubt, by excessive overseas borrowing and by the printing of money domestically. He then gave the alarming figure, despite the contraction in real growth, that the unemployment figures had dropped in Barbados from 12.6 percent to 10.8 percent.

He also said that there was a slight decline in the labour force, that somehow he had managed to create 1 600 jobs last year, and then he made an amazing disclosure — and I want all of us in here to remember this — that between 1976 and 1981, 11 800 jobs were created. I am sure many persons will recall a figure of 25 000. However, that is another matter.

Barbados, Sir, recorded, according to him, a decline in unemployment — as I said before — in the year in which we had a contraction in real output and, according to him, prices rose by a mere 0.2 per cent, the rate of inflation by a mere 0.2 per cent over the preceding year.

He pointed to a serious problem, a balance of payments deficit of some \$13.7 million. He then pointed out that the economic prospects for 1982 would not be very good because we were having problems with our foreign exchange earnings and he did not anticipate any enhancement of our living standards in 1983.

He proudly announced that in 1981/82, that there was an overall deficit of some \$191 million — current account accounting for some \$16 million of that. I wonder how many bills have been left unpaid on March 31, 1982. He conceded, in his own way, that there was an element of printing of money which he preferred to call "accommodation by the Central Bank," and then, unfortunately — because I must say that I have some regard for his knowledge of financial affairs, and it is very much to be regretted that he pursued that line — he sought — and I will try to find the exact page — to relate the printing of money in Barbados to figures relating to the monetary base, defined in a particular manner.

What I want to say is this — where there has been the printing of money in an economy such as the United States of America, where the U.S. dollar is a reserved currency, and is an enclosed system, the printing of money is seen in the type of monetary base which he

described yesterday — it is seen in inflation and, probably, Sir, in a fall of interest rates, and in other areas.

But in an open system like Barbados, the printing of money is not reflected in the number of notes in circulation, nor is it reflected in the actual stock of money, if you take currency and add demand deposits to it. Where it is reflected, Sir, is in the disastrous effects that it has on the foreign assets of the Central Bank of Barbados.

So I reject completely his explanation of the situation. If the money had been borrowed up front, his argument would have some bearing, but the money was borrowed long after there had been a serious and damaging effect on the foreign reserves of Barbados.

Mr. Speaker, the facts are there for all to see, and I quote from the Economic and Financial Statistics, January 1982, Central Bank of Barbados, Page 2. If you look at the column, Foreign Assets, the first column on the left, you will see a decline in the foreign assets of Barbados from \$149.4 million, September \$92 million, October \$105 million, and then it jumped to \$193 million, which, of course, reflects the impact of the Orion Bank Loan.

If you look, Sir, at claims on Central Governments, you will see something that has never happened to this extent in the history of Barbados where, if you look at the total of debentures, Treasury Bills and Ways and Means Advances, you will see that during that period there was a rise from \$68 million to \$172 million in October, declining foreign assets, rising claims on Central Government. There is only one conclusion that any reasonable person remotely aware of public financing can possibly come to.
4.55 p.m.

The public debt, he said, had risen to \$645.8 million, and he gave the astronomical figure of \$260.8 million for the foreign component of that debt. Again, he proceeds to relate the severity of the public debt to the payments on public sector, foreign debt, which was some 1.1 per cent of export earnings, and for the private sector and the Central Bank some 3 per cent. Then, he tells us that his deficit in 1982/83, in this year, will be in the region of \$145 million, again projecting a deficit on Current Account, two successive years in which Barbados will not be contributing one cent to its Capital Development Programme.

Then there as a long dissertation on wage restraint, apparently blaming the workers of Barbados for all the woes in this country. After a long dissertation, we were told there will be no Income Tax levied this year and then we got some tax concessions — rather amusing — \$100 000 for the Turf Club — this is a budget,

you know — \$100 000 for the Turf Club, following the statement I read in the Press not so long ago. It looks as though the Turf Club will take preference over the Cricket Association which caters to large numbers of the deprived Barbadians.

A hundred dollars in respect of various categories for children, an element of the deductible in rents to make sure that the landlords declare their income in rents, and also there is some consideration for employees who occupy a rent free house owned, or rented, by an employer. And then we have some overt and some concealed taxation; the overt taxation amounting to \$30.2 million. And what people do not realize is that there was an imposition in respect to the water rates, about \$2.5 million or thereabouts. As I understand it, and 4 per cent on National Insurance earnings, which must be somewhere between \$18 million and \$30 million. Now based on what I see in the Estimates, I would say it is \$18 million, because we have Health Levy, which is 1 per cent, and the figure in there is \$4.5 million, and if you multiply that by four, you get \$18 million. So I would say that we have impositions of at least \$50 million to \$52 million, and possibly up to \$62 million, yesterday.

I do not know, and there is no way that I can know, the exact levels of insured earnings in Barbados. There is no way that I can pinpoint that that information would have to be given. And I believe the honourable Minister of Finance has a duty to tell the people of Barbados how much per cent money he expects to derive from that 4 per cent imposition.

We had minor concessions to agriculture amounting to \$600 000; we had some tax concession relating to the building of factory space, and we had very significant increases in the water rates.

And so, Sir, when you analyse the Budget what do you get? You get a budget of taxation, a plea for wage restraint, and a warning that the IMF might be upon us at some time; that is the total budget. There is nothing in this budget, quite frankly, that would suggest that this country is in the grips of an economic crisis and that it needs some kind of stimulus to take it out of the situation it finds itself. Sir, there was no analysis, no analysis of any kind, of the problems facing the country and no measures, apart from tax measures presumably to close the fiscal gap — but that in itself would not stimulate the economy in any way.

Sir, during the last Mini Budget — and I want to stress this point very carefully — the honourable Minister of Agriculture stated that I sought to emerge from that debate as some sort of economic Chaldean or soothsayer. But I would like to tell him one thing, that bearing in

mind Walpole's observation — that the wisest prophets make sure of the event first, that I would never seek to be a prophet in economic affairs.

But I have information available to me — and the information was available to the Government as well — Sir, I will make this a document of this House — On December 30, 1982, the day before Old Year's day, the Central Bank issued a Press Release on the December 30, 1980; what were the steps taken?

The minimum deposit rate is increased from 5 per cent to 7 per cent the average lending rate is increased from 11 per cent to 12 per cent the prime lending rate is increased from 9.5 per cent to 11 per cent; and the bank discount rate increased from 7 per cent to 10 per cent. There are also provisions for a ceiling on credit, and also the extent to which the Central Bank would provide finance for the sugar industry — and the rate of discount of agricultural paper was raised to 7.5 per cent.... This started me thinking — why would the Central Bank take those steps. And then Sir, on January 16, there was clear evidence in a statement from the Governor of the Central Bank who pointed out — I had better quote it exactly — “Even without the Barbados \$40 million loan on the Trinidad and Tobago market we might still have got home in time. We ended with an overall balance of payments surplus of \$28 million.” But we had that loan. Then he went on to say, “The darkest shadow on our economy is the continuing recession in the United States; record high interest rates, with prime rates peaking at 21.5 per cent.”

Then, Sir, he went on to say, in fact, that there was every chance that our balance of payments might be slightly in deficit in 1981 — this was in January, this was an accurate prediction — then he said it was most important that we got the sugar crop off to an early start — good evidence, good evidence on which to base your prediction — and then he indicated, in another speech, that there was no significant increase in respect to tourism.

By March 31, Sir, when that budget was delivered in here last year, there was clear evidence that for the first time in the history of Barbados — certainly since the Central Bank was established — that there was a decline in the foreign reserves of Barbados in January, February and March.

Then we had the Estimates in here, and they show that there would be a deficit of some \$180 million, clearly a reflation programme.
5.05 p.m.

So, you have a situation here, where, without a reflationary programme, you are likely to end up in a

deficit situation. When you have Estimates before you which indicate that Government was embarking on a serious reflationary programme with a deficit of \$185 million and then you have an inappropriate budget before you, there is only one conclusion once again, that you can possibly come to, and that conclusion must be that Barbados would be heading for serious balance of payments problem.

I have identified that the proximate causes of our economic crisis in Barbados are excessive money creation by the Central Bank of Barbados, or the printing of money; a runaway fiscal deficit by Government, disastrous management of its capital programme, and inappropriate policy adjustments.

I want to say this: I am quite sure that it is not the policy of the Central Bank to print money in those circumstances, and, therefore, the responsibility must lie with the Rt. Hon. Minister of Finance of this country.

The Central Bank in Barbados, when it was established, brought with it the ability to create money to finance Government's fiscal deficits. If however it continues to do this, at the rate at which it has been doing it, all the other measures that it can take — whether the high interest rates, whether it be removing credit from the community, whether it be exchange control positions taken by the bank; they would all be useless.

So a clear decision has to be taken by the Central Bank of Barbados not to indulge in that kind of monetary policy, because, Sir, this is not the first time it has happened in Barbados. It is not the first time. It happened in 1977 when the Central Bank extended credit to the Government to the tune of some \$41.7 million, and to the Sugar Industry Agricultural Bank to the tune of \$37 million — \$78 million leading to an expansion of the monetary base by some 24 per cent, and a balance of payments deficit, by the end of that year, of some \$195 million.

But to the people of Barbados, they must understand exactly what is happening, because when you get into those balance of payments problems, by mismanagement, then it is the people of Barbados who have to pay. And they will all remember how they paid for it in 1978 — wage restraint, a four day week, price controls, removal of credit where they could not buy a stove or a fridge, massive layoffs in the public sector right through Barbados.

But by the ends of the year, there was a turn around, because all three major sectors — tourism, manufacturing and agriculture, performed well enough in that year. There was a fairly quick turn around and we

earned enough foreign exchange to correct that monetary mismanagement.

Sir, that same rotten monetary mismanagement started in Barbados as early as 1980, and I want to quote, Sir, from an eminent Barbados economist, from a document which he has produced, "An Interpretation of Taxation and Monetary Policies in Barbados" by Michael Howard, Lecturer in Economics, University of the West Indies, Cave Hill Campus, Barbados. And I quote from page 13:

"In 1981, the proximate cause of Balance of Payments difficulties was a heedless expansion of credit by the Central Bank to finance an unusually heavy Government Capital Works Programme in the first half of 1981. This monetary expansion took place against a background of a decline in the traditional export sector. Between December 1980 and September 1981, the Central Bank's total financial claims on the Government rose by \$72.1 million, with Ways and Means Advances constituting a rise of \$32.5 million. This money creation activity was associated with a decline in the Central Bank's foreign assets to the tune of \$41.2 million."

I am not an economist, so people may not take me too seriously, so I will reinforce my argument. Sir, here we have the Central Bank Governor, himself, telling you how it was done. In an address to the Life Underwriters Association, Friday November 20, 1981, this is what he had to say:

"May I explain here that creation of money does not necessarily involve the printing of currency notes. A loan to the Government can be achieved by a simple book entry."

Further evidence, Sir, I quote, Sir, from this document, "Outlook for 1982, Central Bank of Barbados, February 4, 1982". Very interesting. The document, in this part is about the size of Government's deficit and it continues:

"This sizeable deficit could not be comfortably financed by external project loans or from the domestic commercial banking system. So the Central Bank was forced to accommodate the Government. By the end of October, Central Bank credit had increased by \$85 million. It has since declined by \$62 million. The consequent increase in the money supply permitted Barbadians to increase their retained imports by 14 per cent to exceed \$1 billion for the first time."

But the next paragraph is even more interesting — exactly what I said before:

"With the weak performance of our main foreign exchange earning sectors, namely tourism and sugar, the nation's balance of payments came under severe pressure. The Central Bank's reserves failed to register their usual rise in the first six months of 1981 and began to spread rapidly in the second half of the year. For the first time, the bank was forced to draw heavily on its international credit lines until a Government Eurodollar Market loan of \$60 million could replenish the foreign reserves of Barbados."

You print money, you destroy the reserves and then you have to borrow \$60 million in order to prop up the reserves — and then come inside here telling me that there has been no expansion of the monetary base, which you know perfectly well has no application whatsoever to an open economy like Barbados.

Movement, Sir, in our foreign reserves position showed a swing of nearly \$15 million during that period, from a net increase in 1980 of \$25 million to a net decline of \$24 million. I do not think I need to give the honourable House any further information to justify my position. The Central Bank itself, an objective, a very objective observer, I will quote the Central Bank again and this is a document dated December 17, 1981:

"After a surge in the fourth quarter of 1980, deposits have grown very slowly this year and from time to time some commercial banks have experienced liquidity pressures. The financing needs of Government have led to money creation — listen to the next phrase— aggravating an already weak external position."

It goes on:

"External reserves declined by almost \$25 million in the first six months of the year, and in the face of that, they started a massive capital programme — that is an interjection by me, Sir — the first decline in this period since the Central Bank began operations. A balance of payments deficit of about \$18 million is now envisaged for 1981."

5.15 p.m.

All the evidence you could possibly want, straight from the Central Bank, and from an objective, well recognised researcher in economic affairs of Barbados. I can do no better than those two sources. I, myself,

can look at the statistics and see what has happened but then I have to search for reinforcing information to present my argument to this honourable House, and to the nation.

Now, Sir, let us look at the cycle. You print money, you destroy your balance of payments, then you go and land the people of this country with a \$60 million loan on the Eurodollar market — and then come in here and say that you got it at concessionary rates. Sir, necessity never made a good partner.

Your debt service rises, then there is increased taxation, and hence the 'Mini Budget.' Your interest rates rise, you have to write credit out of the system, you have to call for wage restraint.

The people of this country had nothing to do with the printing of money, except in so far that for a three month period there were a few jobs — Government got a few votes, perhaps — and the price we pay today is this deep economic recession.

Then you get a decline in private sector activity, increasing prices, increasing unemployment, a deterioration in your social services and the taxation that you got in yesterday's budget. That is the cycle, and that is the cycle we have to find some means to break out of.

It is not an academic question. It is a question put as simple as this — that it is utter madness having thousands of people sweating in factories in Barbados for small wages in order to generate foreign reserves and foreign exchange earnings for Barbados, and to have it frittered away by an incompetent monetary policy pursued by the Administration of Barbados, and then the only way to correct it is to come with the kind of restraints which we see now being brought on the economy of Barbados.

I think I have rejected, with contempt, the argument put forward here — that if you do not seek an increase in currency notes and in demand deposits, then there can be no printing of money. That argument is an argument that not even a Fourth Form boy in an economics class would wish to put forward. And to make it worse, this honourable House was assured during the 'Mini Budget' — and I refer to the debate of Tuesday, September 8, 1981, when the Minister of Finance of this country told this honourable House and this country the following:

"The Government has no intentions of incurring a deficit of \$187 million for fiscal year 1981/82 and I make no apologies for repeating this statement. Such a deficit would have to be met by a combination of the following, all of which are unpalatable:

- Either (i) the printing of high-powered money, which would lead to an increase in the rate of inflation;
- (ii) increased borrowing from the domestic banking system, which would trigger a competition for scarce credit within the domestic economy and slow down the growth of the private productive sectors, or
- (iii) a really substantial increase in external borrowing, which, at the prevailing high rates of interest, would be a most costly expedient."

The printing of the money had already taken place. Whilst that debate was continuing, a delegation had gone to London to sign an Agreement for the Eurodollar loan, and soon after that a Bill came to this House to increase Government's capacity to borrow Treasury Bills. All those three things, that we were hearing would not happen, took place in a matter of weeks after that. If I were the Minister of Finance, I would resign.

Mr. Speaker, I now speak to another inter-related problem — the question of printing of money and fiscal deficit, these things are all inter-related — and that is the gross mismanagement of Government's capital projects.

I want to make it clear — we on this side accept that Government must have a capital programme, we accept that it is important for the generation of employment in Barbados, we accept that the private sector cannot be expected to indulge in certain activities in Barbados, and we accept that the private sector is largely followers rather than leaders in the development process of this country. But we reject, with the utmost contempt, any suggestion that where there is legitimate criticism of mismanagement of capital projects, that that criticism is tantamount to saying that we wish either Government's capital programme to collapse or, in the alternate, that we are wishing for an increase in unemployment in Barbados. It is unfair.

Now, Sir, I want to bring honourable Members' attention to one or two very interesting documents. I think the former Attorney General, some time ago, in a budget, quoted from the Quarterly Report of the Central Bank, Vol. IV, December 1980 — a very good article, I think by Miss Zephirin on the question of the public debt of this country — on page 65, and I think that the point was missed at that time, there is a very interesting comment.

Now, this is before this capital expansion and the bunching of projects took place and the type of capital projects started. This is the comment:

"Nevertheless, in other external borrowing, the authorities should seek to obtain extended payments schedules and should increasingly shift foreign resources from social and infrastructural programmes to projects which would expand export capacity. This is especially important since Barbados is now considered a high income developing country and the concessionary sources of new funds are likely to dry up as soft loans are diverted to needier countries." I would have thought the message was clear from that.

An indictment of the mismanagement of Government's Capital programme is contained in the Quarterly Report, September 1981, Vol. VIII No. 3 of the Central Bank of Barbados, page 8.

"A sum of \$6.8 million went towards upgrading the schools and other locations for CARIFESTA. Total spending for CARIFESTA, originally planned for \$8 million, turned out to be over \$20 million. Outlays for the Holiday Village at Heywoods, between January and June, this year rose by \$10 million. The project is now expected to cost \$67 million instead of the budgeted \$35 million. Work on the Bridgetown Sewage Project, which is nearing completion, was delayed by heavy rains. Total cost was \$6.8 million for the period January to June. This project is now expected to cost \$42.8 million instead of the revised estimate of \$39.8 million. The original estimate of \$27.2 million was raised in February 1980 when it was realised that costs had been substantially under estimated."

5.25 p.m.

It goes on to point out that there would be overruns of some \$3 million or \$4 million in respect of the new General Post Office and that the Samuel Jackman Prescod Polytechnic was the only project to stay within the budgeted cost. And it further pointed out that there were significant increases in welfare payments — of course, just before the election.

Now, Sir, the point I am trying to make is that here we have overruns from \$35 million to \$67 million on the Heywoods Village which will probably be a white elephant at \$67 million. Built at a reasonable cost, it would have had a reasonable chance of success, but, at \$67 million, I have grave doubts whether that project, at that price, and in that location, would be a successful project.

CARIFESTA was a monumental waste of public funds. We spent more money on CARIFESTA than we

would probably get in Property Taxes in 1981. So people could have been given a tax free year in respect of Property Taxes and no CARIFESTA.

There are many countries that have cultural festivals, but it is not a question of how much money they lose, it is a question of how much money they make, even in small towns like Ipswich. You do not have to go to the Edinburgh Festival or the Salisbury Festival. Small towns make money out of festivals. It is a question of proper planning, and many towns look forward to these festivals in order to generate income.

The Post Office has moved from \$9 million to \$13 million and there is the Bridgetown Sewage Project. Now we can see where all our money has been wasted. And worst of all, each of these capital projects will have current revenue implications, will have demands on current revenue when they are completed. They are financed by foreign exchange borrowings — with the exception of CARIFESTA, as far as I am aware — and none of them will be earning foreign exchange in the short term, except perhaps the Heywoods Village Project which, we hope — and we must hope — is successful, because if it is successful, then that could earn some money in the short term.

I am submitting, Sir, that if Barbados was in a position where it had a balance of payments surplus, it would have been a management error to have bunched those projects together, for the simple reason of costs, shortages of materials, shortage of skilled labour and all those factors, and also distortions within the economy; it would be a mistake to do it.

If you had a balance of payments surplus, if somebody had given you the money, well all right. But where you have a balance of payments problem — and you knew you had one; you knew that the foreign assets of this country had been declining in the early months of 1981 — if I knew, the Government must have known — to embark on a programme financed by the printing of money, and by borrowing money, in the face of a balance of payments problem, in the face of a foreign reserves problem, and in the face of an international recession, must constitute the grossest mismanagement that I can possibly think about — and then you blame the problems of Barbados on the international recession!

You leave the economy wide open in every possible way instead of trying to close the economy as far as you possibly could and make it less responsive to the misfortunes externally. That is what should have been done last year.

What this country needed was a stabilisation budget in March, 1981. When I called it a 'nothing budget', I

was heavily criticised, but that is what I meant. Maybe the term was inappropriate; perhaps I should have spelt it out more carefully, but it did not address itself to the problems facing the country.

Now, Sir, although Government has cut back on its capital programme, I am a little fearful this year about the demands of two projects, namely the Cement Plant and that expansion of the Barbados Light and Power Company, and the impact of these two plants on our foreign reserves. It is difficult to know exactly how the capital inflows will be programmed, but I do have a little concern; because you must remember there is only one foreign exchange pool for Barbados; the same for Government as for the Barbados Light and Power, and for the one-armed bandit operators. There is just one pool, so to speak.

Sir, I now turn to the third and intimately related matter, the question of the public debt of Barbados and the debt service. It is a very common mistake I think, Sir, to relate the capacity of this country to borrow, solely to the cost of servicing the external component as a percentage of export earnings, for a lot of reasons, (1) — it is difficult to know what the net export earnings of Barbados really are. I have heard wide fluctuations, in respect of tourism and manufacture, by responsible people in various departments of Government, and in other areas; it is extremely difficult. And there is also the problem, if you are faced with a year when there is a massive down turn in your exports, you are still left with that massive debt to service.

And I believe, Sir, that the following other components must be taken into consideration: (1) the percentage of revenue required to service that debt, and (2) an increase in your public debt in relation to increases in your real output; and one must realise that the true burden of debt service public financing rests, ultimately, with the taxpayers of this country, present and in the future.

It is also important to recognise that the domestic debt represents a surrender of the purchasing power of the citizens of a country in return for Government securities, and that the repayment of external debt represents, in the long run, net outward transfers of capital, and that you may reach a point — which I think has already been reached in Barbados — where there is an element of tax friction developing in relation to debt servicing. And this is partially responsible for the dislocation of the private sector in Barbados — you get an increase in tax rates as interest payments increase in relation to national income. I will give an example of what I mean.

In 1976, you would have heard how the Barbados Labour Party went up and down the breadth of this

country complaining that the public debt in Barbados was too high. Would you believe it, Sir, that in 1975/76, the Barbados' debt service was \$19.4 million, less than 10 per cent of its total revenue, and that this year, 1982/83 the people of Barbados have to pay \$99.5 million in debt service? — about 20 per cent of revenue? Twenty dollars in every hundred dollars that you pay in taxes will be going towards debt service this year. Are you surprised that you have had the kind of budget you had yesterday? I am not surprised.

But there are two very interesting things Sir, that the two major jumps in the debt service charges of debt in Barbados, followed the two episodes of the printing of money in this country, that was in 1977/78, when it jumped from 10 per cent to 15 per cent of gross revenue; and in 1982/83, when it jumped from 11 per cent to 20 per cent of gross revenue. So you pay by taxation too. That is another problem that you have. But when you look, Sir, over a period of time and you see what has been happening to the public debt of Barbados, it is really a matter of grave concern, or should be, to every citizen.

5.35 p.m.

We are told, that the public debt, exclusive of Government's overdraft, was \$648.8 million yesterday, a rise from \$213 million, over a 300 per cent rise since 1976; that the domestic component was \$385 million, a rise from \$155 million; and that the external component was \$260.8 million — and that is the dangerous part of this public debt: From \$47.9 million in 1976 to \$260.8, incredible \$47.9 million to \$260.8.

And it must be remembered that this only represents part of the public debt because I believe that contingent liabilities, for example, guarantees of loans, say, to the private sector, like the Barbados Light and Power, to the Barbados Industrial Corporation and other statutory boards, the Barbados Development Bank, should properly be considered part of the national debt, because in the event that they default on those external loans, the taxpayers will have to pay those loans.

However, it is not the convention in Barbados, and it is not the convention in many other countries. In fact, in some other countries it is used as a device to conceal the true extent of the national debt. I would not like to say that that is what is happening here in Barbados.

People in Barbados, this year, will be paying at least \$494 million in taxes as compared with \$216 million in 1976/77. And over the six year period, 1971 — 1977, Barbadians paid a mere \$900 million in taxes, and between 1977 and 1983 they will be paying \$2.3 billion in taxes — and yet you have a national debt escalating at that rate.

Sir, when you talk about fiscal deficit.....the fiscal deficit in this year, the year just ended alone, is probably more than the total fiscal deficit from 1971 — 1977. Those years it was averaging about \$30 million and now it is averaging somewhere in the region of \$100 million in the period 1977 — 1983.

I believe that we must ask ourselves as Parliamentarians, no matter which side we belong to, if at the end of that kind of taxation effort, you still end up with a national debt of this order, you must ask yourself if after all of that, still more taxes, still more borrowing.

And, Sir, what new sectors have there been in this economy, what new sectors of productivity? Far from having new sectors, the existing sectors — tourism, agriculture — they are in disarray. There are no new sectors — the so-called international business sector has not really taken off; and the trotting out, yesterday, of \$10 billion or \$50 billion, or whatever is the amount of business going through an offshore bank, does not necessarily mean that Barbados is getting revenue of more than, probably \$1 million or \$2 million.

I do not know, but the amount of money passing through that bank does not necessarily mean that Barbados is getting a massive amount of it. But the impression was certainly put across to the public yesterday, that because there are billions of dollars in offshore business, that that necessarily reflects tremendous revenue for Barbados.

It must be a sad situation, and must be an indication, Sir, of gross mismanagement, if after committing this country to that amount of debt, and after committing this country to the payment of that amount of taxation over a six-year period, you find yourself with your transport, your roads, education, health — everything — in complete disarray.....Look, Sir, at the honourable Member, I can only say, Sir, in the words of Payne, "He rose like a rocket, but fell like the stick."

Sir, this concerns me. I hope this gentleman is not fired tomorrow, because I do not know him; he did not give me this document — I gather it was a research document, it is a public institution, I do not know him, he did not give it to me — but I am going to read it out. It is by a gentleman called Delisle Worrell, dated January, 1982. I think it had a limited circulation among the Press, and so on.

This is what he had to say; a Senior Research Officer of the Central Bank, and this advice must have been communicated to the Government of Barbados and it is this: "The reduction of a fiscal deficit is a sine qua non for successful expenditure adjustment. One lesson comes through clearly from the experience of countries in the Caribbean, and elsewhere, who have suffered from

economic instability in the 1970's is this — there are no policy instruments powerful enough to compensate for run away deficits. If a private firm rationally spends more than it can finance from revenues — (and note the words) — and prudent borrowing, it will go bankrupt. If a Government does the same thing, it usually prints money and bankrupts the entire nation." That is the problem that we have in Barbados today.

Now, Mr. Speaker, I have heard some figures on unemployment in Barbados, and all I can say, like Shakespeare, "An honest tale speaks best when playing told".

I shall not enter into any dispute with anyone in this Honourable Chamber as to the rate of unemployment in Barbados. All I will say is this — and I want to quote, Sir, from the House of Assembly Debates, on Friday 30, 1976, and these are the words from a distinguished statistician — sorry page 7081.....

Mr. SPEAKER: The 30th of what?

Dr. R. C. HAYNES: Friday, July 30, 1976 — sorry — page 7081. The honourable Member for St. Thomas is speaking:—

"I am saying that there have been a number of studies recently, and on the information available to me, and available to the Government, on the basis of a United Nations Study, I am saying that the level of unemployment in Barbados is nearer 28 — 30 percent."

5.45 p.m.

I quote, Sir, from the House of Assembly Debates, March 16, 1981 — the same honourable Member for St. Thomas,

"If I were asked to give an intelligent guess, on the basis of observation, I would say there was never 22 per cent employment in 1975" —

(I repeat) —

"If I were asked to give an intelligent guess on the basis of observation I would say there was never 22 per cent employment in 1975."

He was talking about unemployment levels at the time.

But these figures are even more bizarre when you analyse what the honourable Member has been saying since he came into office. When he came into office in 1976 he said in his first budget, in 1977, that the inflation rate was 15.3 per cent in 1976 — a remarkable drop by 13 per cent or thereabouts. The following year he said it was 15.1 per cent, the following year he said 12.8 per cent, the following year, 12.8 per cent; the following year, 12.6 per cent and this year, 10.8 per cent. (*Asides*) I am talking about unemployment, Sir; very interesting,

Sir, when you compare it with figures of real output in Barbados.

When real output rose by 14.8 per cent in 1976, the unemployment rate dropped by 13 per cent. When it rose by 5 per cent in 1977, unemployment rose 0.3 per cent. When output rose by 3 per cent the following year, unemployment dropped by 2.8 per cent. When output rose by 7 per cent, there was zero change in the unemployment figures. In 1980, when it rose by 5 per cent, it dropped to 0.2 per cent. And this year, now, when it has been a contraction of the economy by 2.6 per cent, you get a fall of 1.8 per cent in unemployment. A drop in output and a fall in unemployment — truly a magician!

But, Sir, earlier on I gave you a figure of 11 800 persons, which, in the budget of the honourable Member for St. Thomas, yesterday, he said was the number of jobs created since 1976. But this is what the honourable Member had to say on January 24, 1982, as the speech of the Chairman of the Barbados Labour Party,

"When the Dems attack our economic programme, they are attacking the 25 000 jobs — (that is the number, 25 000 new jobs) — which the country has enjoyed since the Barbados Labour Party came into power just over five years ago."

I think I should make this a document of the House.

Now, Sir, all I can say is that if the honourable Member believes that unemployment is falling, let him believe it; let the people outside in the country, believe what they want to believe — I think the evidence is there.

All I can say is this: if any party — that party or this party — had created 25 000 new jobs in any five year period, when you bear in mind that over 15 000 people would have left the labour force — by retiring, illness, death, immigration, redundancies and other factors — 40 000 job opportunities would be available and there would be no unemployment in Barbados — we would be importing labour, we would have to import labour.

There is no way, with a labour force of just over 114 000 people, that you can create 25 000 new jobs in a five year period, there must be at least 3 000 people leaving the labour force. Even if a given amount entered the labour force, it does not matter; there can only be a certain amount entering the labour force.

Now, Sir, I want to look at the figures on inflation. What we do know, Sir, is that in 1976, the inflation rate was 5 per cent, and by 1981 it was 14.6 per cent, and there has been a gradual increase in the rate of inflation from 1976 to 1981; at least these figures reveal a clear trend. But when you look at the cost of food, clothing, building, rents, transport — even bus fares, indirect taxa-

tion, gas, electricity, the whole lot, is it reasonable, Sir, to believe that the rate of inflation increased in 1981 by just 0.2 per cent over 1980? Is that reasonable to assume, Sir? I would say that anyone who feels that today they can buy for \$1.01 what they could have bought for \$1 a year ago, it is up to them to believe that.

Now, Sir, here I want to ask a question. We have heard evidence that our foreign reserves were depleted to the point where it took a loan from the Orion Bank to replace them. I have tried to get information, and I cannot get the exact information on the actual composition of Barbados' foreign reserves. We know that there is some non-reserve assets; there is monetary gold, some SDRs in the IMF, claims on non-residents and the net foreign assets of the commercial banks in Barbados are also included in our foreign reserves, and the sinking funds for domestic debt.

What we would like to know, is when we see a figure of \$100 million at the end of the month, how much of that represents earnings? How much represents borrowing? How much represents money that you can spend to buy goods and services for Barbados? How much represent project loans that can only be spent in a particular way?

We would like a breakdown, and the public outside. And I am asking now, so that the public would know what exactly is the state of our reserves, and, particularly, we would like to know, what was the state of the foreign reserves of Barbados on, or about August 3 or August 4, 1981, and the period just before the Orion Bank loan? We are very interested in those periods.

Now, Sir, the question of the balance of payments of Barbados has always recognized that one of the noted forces for the economic activity in Barbados is to generate enough foreign exchange, in order to purchase the goods and services that we require for this country. And I believe that anything done to damage the foreign reserves of Barbados whether it be printing of money, or any other kind of activity that does not contribute to the overall development of this country, should be stopped in Barbados.

I am very glad that the churches took a position in respect of casino gambling. And I am charging here today the one-armed bandits, that entire operation, constitute a major drain on the foreign exchange in this country.

I am further charging, Sir, that there is information that one one-armed bandit outfit, certainly as late as December, 1980, was making as much as \$120 000 a week, and \$80 000 of that money was taken out of Barbados. And one of the persons, who was employed in a management capacity at a major hotel in Barbados, was arrested in London, is out on bail at the moment, and will soon be brought before the courts for trial.
5.55 p.m.

I go on, Sir. I am also charging that there is a company called Chalco Limited, in Grand Turk, Chalco Limited in Grand Turk, and there was a specific deal involving US\$750 000 relating to a one-armed bandit operation, and that that money came out of Barbados.

I am further charging, a hotel has been bought in Puerto Rico out of the foreign exchange reserves of Barbados.

I am further charging, there is an account at First National City Bank in Miami, and that account is a conduit for the deposit of funds, illegally obtained in Barbados; brought from hotels and elsewhere, and siphoned through that account.

I am further charging that the Emerald Isle Casino in Antigua made a demand recently on a person there, involved in one-armed bandit exercise, for over US\$20 000, and that was paid in US dollars bought in Barbados, and that debt was discharged that way.

Now, Sir, we have to be serious. You cannot call, Sir, for wage restraint in Barbados because you have a balance of payments problem and at the same time, permit substantial balance of payments leakage by encouraging the one-armed bandit operation in this country.

There are considerations other than economic, there are economic domestic considerations why they should not be allowed to operate in Barbados, but they are even more serious moral and spiritual problems associated with that form of gambling in this country.

So I am calling on the Government, if you have a serious balance of payments problem, show the workers of this country that you are interested, and before you call for wage restraint, remove a major leak of your foreign currency earnings.

I think those one-armed bandits constitute the worst thing that has ever happened to Barbados. It was a grave error to legalise those one-armed bandits. They have damaged this country, and have damaged its external position in no uncertain way.

Now, Sir, I turn to the question of interest rates. There has been much debate on the question of interest rates in Barbados. Let it be clearly understood that a high interest rate regime has an immediate impact on Barbados, in respect of the cost of living, in depressing private sector activity, and in reducing employment opportunities.

These facts are perfectly clear to all who understand the nature, and the structure, of the private sector in Barbados. We have a small economy, many of our

businesses have a low equity input, and depend heavily on borrowings by way of overdraft, and because of the constraints of the size of market, then the rate of turnover of business is relatively small, so the impact of interest rates would be extremely high.

There is no evidence to date, as far as I can see, in the official records — certainly up to the end of December — that the high interest rates regime in Barbados have in any way affected the flow of capital into, or out of Barbados.

Indeed, Sir, I believe there are other factors, such as the confidence of investors and the banking community in the economy; the buoyancy of the economy and its capacity to absorb transfers of capital from abroad; the impact of balance of payments problems on investor confidence; a fear of a devaluation on currency fluctuation which may lead importers to pay for their goods which they buy externally, rather more quickly than they would normally do.

I suspect that these are all factors that might be influencing the movement of capital into Barbados, much more so than interest rates.

Nor do I think that raising the deposit rates in Barbados would be any help, because by simply doing so, you may reduce the amount of money that the banks are making; but in truth and fact what you are really interested in is to get money into the country that goes into the investment process.

Now, Sir, much time was spent yesterday on the question of wage restraint. There is a clear argument — one cannot argue otherwise — that the levels of wages which this economy can afford directly relates to its foreign exchange earnings. If however, Government precipitates a balance of payments problem, by money creation, and, indeed, by the pumping of some \$50 million into the wages sector \$50 million around the middle of last year, deliberately pumping that, by the reflation of the economy in order to get a temporary drop in unemployment just before election, then I think that we could hardly be taken seriously when we call for wage restraint.

But, Sir, there is a lot of misinformation on the question of wage restraint which must be dealt with. The workers of this country are not responsible for the present crisis, and it is unfair to place the burden entirely on their shoulders as you seek to rescue the country. And I want to advert to one or two areas.

Sir, there is research, that has demonstrated beyond any doubt, that in Barbados, that food imports are inelastic in respect of wages. *(Aside)* Food imports, and, I want to put it this way..... *(Aside)* This research was

done at the Government departments. Read your own work produced by your own researchers.... In other words, if a man is earning \$100 a week and he is eating three meals a day, and he gets \$200, it does not follow he is going to eat six meals a day.

There is also evidence, Sir, that tourism is a significant factor in the growth of imports of food into Barbados, despite what the Rt. Hon. member for St. Thomas says. What is more important — and this has been demonstrated — is that it is credit, rather than wages, that certainly influences the demand for consumer durables in this country, because, basically, who goes in town and buys a fridge? The bank manager buys the fridge for you and you pay him back over time.

It is not wages that influences consumer durables — it is credit. Above all, Sir, wages do not determine the levels of import of capital and intermediate goods into this country.

And finally, the impact of wages on the balance of payments depends entirely on how those wages are financed. If they are financed by money creation, they feed right into your foreign reserves and create balance of payments problems. If they are financed by transfers from the non bank public, then the effect is not the same.

Sir, it is of interest that the two persons — in fact, two national heroes — who took positions to break that cycle, between periods of high export earnings and high foreign exchange earnings and high wages in Barbados, were none other than the General Secretary of the Barbados Workers' Union, in the sixties; and the former Prime Minister, the Rt. Hon. Member for St. John. And in both instances, they were seriously opposed by the Barbados Labour Party, in both instances.

And I suspect that in Barbados — I do not want to say anything that might upset any negotiations or anything like that — but I suspect that there is a reasonable case — I am not sure, it is a matter I would have to research — either for shorter or longer wage agreements, with provisional clauses, of course — I mean, that is something that would have to be worked out by those people more intimately involved in that area.

But I can say this; the Democratic Labour Party will not support any wage restraint policy in this country, unless that policy.....

6.05 p.m.

Mr. SPEAKER: Remember, the Chair has exercised considerable restraint with the honourable Member, because the said honourable Member has been following his notes quite copiously. He has set a pattern which I hope honourable Members, who are going to contribute to this debate, will not expect to be accommodated with such tolerance.

The honourable Member may continue.

Dr. R. C. HAYNES: Thank you very much. The point which I am trying to make is that we cannot support a wage restraint policy in the absence of price controls; we cannot support it unless there is protection for the poor and more vulnerable groups in the community; and we cannot support it unless there is restraint across the board — restraint on profits, restraint on dividends, restraint on the cost of professional services — doctors included; lawyers, architects, the whole lot.

So if there is going to be a wage restraint policy, then it has to be across the board. We cannot tolerate a situation where you have a wage restraint policy, and in a country where we are essentially price takers, that by depressing wages, in some instances, you might just be enhancing the profits of a small number of people in the community.

Now, Sir, I have looked at some of the major economic problems in Barbados, and I want to look at a few select areas, where I think that Government policy has led to a considerable wastage of public funds.

Only yesterday we heard the announcement of new hospital rates. I believe that a private bed in now somewhere in the region of about \$70, or thereabouts — I have not checked it. But what it means is that those private beds in the Queen Elizabeth Hospital will be used largely by the rich, because often we make the mistake of making comparisons and we do not realise what we are comparing.

When you talk about the cost of a room in the United States or the United Kingdom, you are talking about the cost of a room in a facility that has a significant tertiary care component and very powerful and effective infrastructural services. In other words, if a room costs you U.S. \$200 a day in the United States, and you were admitted to hospital in the morning, you could probably get through all the tests, that you need done, in a 24 hour period.

In the Queen Elizabeth Hospital you might find that because of the lack of infrastructural services, and the demand on those services, that a patient may be in hospital for a week, waiting for the results of an X-ray examination, and you may not be in a position to send him home until you have had that X-ray examination done. So that person might be spending \$490, just waiting for an X-ray. So we have to be careful when we take these decisions and not just make comparisons with other countries.

Now, Sir, I do not normally speak on health, because it is difficult when a Government comes and

tells the people that they are going to give them a free National Health Service. To argue against that is like arguing against motherhood. But when you see a situation existing in Barbados, where money is being poured down the drain, and where the health services are deteriorating year after year, the time has come when, irrespective of the consequences, you must speak out.

And I will say this: if you were to look at the population pyramid in Barbados as it stood in 1976, you would see that the characteristics of the Barbados population were those of a developed country — not a developing country. If you took the average life span, the birth rate, the death rate, the maternity mortality rate, or the infant mortality rate, you would find that those figures were exceedingly low. As a matter of fact, I think there was one maternity death in 1975, and probably one in 1980. And I would say this, that it is exceedingly difficult, by direct expenditures on health, to influence those indices significantly.

When you have a situation where there are as many people in Barbados over 70, as there are between ages 30 and 34, and where there are six times as many people over age 65 as under age one, I would say this: there is nothing you can do in the health service that can impact on those indices, except over a matter of time, unless you can find some means of conferring immortality on mankind. That is the only way you can do it. You will find that by spending money on housing, by spending money on transport, by proper wages and proper food in the community, that you might have a greater impact on health that way, when you reach that kind of level, than the direct expenditures on health.

Sir, we know that the free National Health Service Programme was always a non-starter — it would cost about \$100 million to start off with. So that concept was abandoned, and then the next thing you heard was that we will have a National Health Service financed by National Insurance contributions. That was a thoughtless suggestion, because, in fact, it would mean that you would have to take 33 percent of all the insured earnings, of each and every person, in order to meet the requirements of a National Health Service, when you lump the cost of what is taking place in the public sector and add that to what is taking place in the private sector.

In fact, Sir, Barbados had an excellent, and still has, public health service. There have been no epidemics in Barbados, apart from influenza, since I have been practising in Barbados since 1967.

Our secondary health care, at the hospital level, clearly needs to be maintained and upgraded. At the other level, Sir, the problem has always been at the primary

health care level, and that of course created problems in the Casualty Department and in the Medical Out-Patients Clinic of the Queen Elizabeth Hospital. What was necessary was probably to build an Out-Patients Clinic in the north of the island, which was done by the Democratic Labour Party, and then the polyclinic that you are building now, the one at Ladymeade, should have been the one you should have built next.

But what happened was that the Government bought a programme from an external agency, and that programme was never designed for Barbados — that programme was designed for a larger country which had clear urban and rural divisions in respect of health care delivery. Therefore, I am not surprised that the programme has now collapsed in relation to cost, under utilisation and the difficulty in getting people to start it.

The question of drugs, Sir, I have spoken on several times, and I would just say this; you will have pumped about \$20 million into a Drug Service by the end of 1983, over a 27 month period. When you came into power Barbados was spending about \$3.7 million a year on drugs in the public sector. And all that is going to happen is that you will pour more and more money into drugs, and you are going to get more and more inferior drugs, under the present policy, and you are going to get more and more shortages of drugs, because for the first time in the history of Barbados, certainly its recent history, you have a situation where you have widespread shortages of drugs, not only in the public sector, but in the private sector of medicine today.

6.15 p.m.

And if I had any advice to give the Government on this matter, I would advise the Government to look and see what you have; maintain and upgrade them, proceed with the Ladymeade clinic, and in terms of your other peripheral clinics, I think you should probably try to restrict those to the lowest cost buildings with very limited facilities for basic tests and so on. You just do not have the manpower, you will never have the manpower, in order to provide the quality of infrastructural services to small units spread around the country of Barbados. And there is no question of having a programme determined by rural and urban considerations.

I next turn, Sir, to the question of public utilities in Barbados. I have no doubt that, with the exception of telephones, all the public utilities in Barbados are too expensive. The water rates that people have to pay, many persons in Barbados cannot afford — and they have gone up again. And it is quite unfair to say that that has anything to do with any agreements signed by the Democratic Labour Party, for a Bridgetown Sewage project that would cost \$27 million — the price of that has gone up considerably since then.

The most important factor in the cost of water is electricity. When the electricity rates go up, the water rates will go up, and I quote no less a distinguished person than the Minister of Finance himself. That is one thing I agree with him on.

The electricity rates, Sir, and I talk of the present electricity rates — I cannot refer to any matter before the Public Utilities Board at the moment — are generally determined by a World Bank Agreement, entered into, quite unwisely, by the Government of this country. They relate to a capital expansion programme, and they relate to unfortunate notional expenses, such as investment tax credit and deferred taxes, as a cost of service in the determination of rates in Barbados.

The net effect of that is that Barbadians will have to pay \$93 million more than they would normally have paid over a five year period to the Barbados Light and Power Company, whilst, at the same time, the rates of electricity would wreak havoc on the housewives, would wreak havoc on the hotel industry, would wreak havoc on the manufacturing sector, and would certainly contribute even further to the situation of recession in Barbados.

Now, Sir, I turn to taxation policy. I am concerned that Government's taxation policy seems to be based on the following concepts: the maximisation of tax effort; a distinct shift from a progressive form of taxation to a regressive form of taxation; a shift of the burden from those who have to those who do not have; a shift from the principle of redistribution of wealth to a tax system that is soaking the poor people of Barbados.

And there is evidence, Sir, that between 1978 and 1980 the shift from direct to indirect taxation was in the region of 7.4 per cent. There are no out-turn figures available to me for 1981, and looking at the tax in the budget for 1982, I would suspect that you can see a 10 per cent swing. That swing will move from 7.4 per cent to about 10 per cent. It is difficult to quantify at this stage, but I think it would probably be a shift in the region of about \$50 million to \$60 million in taxes.

What is also clear is that when you analyse the savings that persons earning under \$12 000 a year would have made from Income Tax concessions in earlier years, they are now paying three times as much of these savings in indirect taxation.

And Sir, I think there are other defects in that system of taxing which we are adopting in Barbados. The tax system is being increasingly linked to services, and in years where you have a fall off in services as in 1981, you will see a tremendous drop in revenue from that area. I think that it was clearly evident if I can

take one from the Estimates — the Hotel and Restaurant Sales Tax — there is an estimated drop: There are no final out-turn figures as yet, so I am just judging from the Estimates.

Consumption Taxes in Barbados, Sir, I think are probably the most iniquitous taxes ever inflicted on this country. Under the Democratic Labour Party Consumption Taxes were restricted to less than 200 items. That base has been broadened considerably, probably more than 1 000 per cent — I think the last check I made last year showed 2 419 items or so — and the rates have increased considerably. And this present budget now imposes more Consumption Tax and Stamp Duties, which will have the same effects in the long run as the Consumption Taxes.

These taxes have a tendency to pyramid, and what you find is that the final price to the consumer, as it goes through the distribution system, is far in excess of the tax that was originally imposed. It is not surprising that when you have to put on controls, such as those controls that have been put on by the Central Bank, that you get a reduction in your Consumption Taxes, which appear to be dropping by about \$6 million this year, according to the Estimates again — I can only look and see what is in the Estimates — and as a consequence of that you now put on more Consumption Taxes, once again, in a budget.

Sir, this country has had a spate of taxation over the past twelve months that is quite incredible. Gasolene has gone up twice in the past twelve months; water rates, certainly the metered, domestic, commercial and hotel would have gone up twice, and the others once.

There have been increases in postage stamps, increases in bus fares, increases in respect of mini buses and taxis, a Transport levy — the so-called barefoot tax, a Health Levy, an imposition of increases in respect of mortgage interest rates.

We have had increases in gambling licences — that is no concern of mine; as far as I am concerned all the one-arm bandits can be thrown into the sea.

There has been an increase in landing fees for aircraft, an increase in property taxes to the extent of about \$6 million, according to the Estimates. (A VOICE: Abolition of death duties.) To the tune of \$1 million — and I recommended that anyhow — and there have been serious increases in relation to National Insurance.

Remember, Sir, that people, until yesterday, were paying 5.5 per cent of their insurable earnings in National Insurance and other contributions. As of yesterday they are paying 7.5 per cent, which means that for every \$100 you earn, \$7.50 would be taken off the top, and it is,

in a sense, a regressive form of taxation. I will tell you this. What it does? Whether you have one child or ten children it comes off the top, right off the top. 6.25 p.m.

In addition, it is levy only on incomes up to \$506 a week, I think, so that those with incomes above that level will have a section of their income not subject to the tax whilst all of those, with \$506 a week or less, will pay this on the full amount.

We have had, Sir, increases on fees for passports. We have had increases of all kinds, work permits, all kinds of increases. And yet the deficit remains the same, and yet you cannot get the message home that the answer is not in taxation. The answer is to get the economy moving again.

Now, yesterday, Sir, when we heard the increases for old age pensioners of \$33, I was very glad, because a year ago I said it should be \$33 or \$34 — I cannot remember exactly what, but somewhere in that region. I read out a list of items and I came to a conclusion that it should be at least that kind of level. So I should be a happy man, although it is a year too late. It would certainly help them to pay those water bills that have been returned to them after six months, and electricity bills which have not been paid, and I am very glad for the old age pensioners. But I also feel that they should get more, and I will tell you why.

What many people in Barbados do not realise, is that it was not \$30 million in tax revenue raised yesterday, maybe in taxes, but there were other revenues, and I believe that the Minister of Finance has an obligation to clarify one matter for this country. That 4 per cent on insurable earnings under the National Insurance, in my judgment will yield either \$18 million or \$30 million. I cannot say. I have already said I do not know how much the insurance earnings are. I cannot ask a question of the officers in the National Insurance Office. I do not operate in that way.

What I am saying is that according to the Estimates, a Health Levy of one per cent is estimated to yield \$4.5 million. Therefore, a four per cent imposition will yield \$18 million. Let me say this: it is my information that that figure might be as high as \$30 million on the assumption that the insurable earnings are somewhere in the region of \$750 million — I do not know if that is true. But what I am asking for is a clarification from the Minister of Finance, who, I think, was neglectful in his duties yesterday, in not telling people how much tax or how much impositions, or how great was the size of the imposition that he put on this country. Everybody went away thinking it was \$30 million. Now we know that it has to be at least \$52 million, and might well be \$60 million, on the people of Barbados.

Now, Sir, when you talk of a 7.5 per cent increase off the top of people's wages, this raises some very serious questions in my mind. We have always had an Income Tax system in Barbados which recognised that you cannot tax people to a point of starvation. And the tragedy is that this new kind of taxation will always be more burdensome to the poor people of Barbados, and I think that the Minister of Finance must desist the temptation — he must avoid using the National Insurance Office as a tax collection agency, because, in fact, what is happening here, is that old age pensions were normally paid from the Consolidated Fund, into which all taxes were paid; but what appears to be happening now, is that the working population will be having a 2 per cent of their salaries and wages deducted, up to a level of \$506 a week, in order to pay old age pensions.

Now, if that is the policy, it should have been clearly announced, and sticking a figure in the Estimates did not fool anybody — let me tell you that — because we clearly recognized that there was something fishy going on, and that that figure in the Estimates was just to bridge the situation until there was a conversion to a system where the monies collected under the National Insurance system would actually pay the old age pensions in Barbados.

But you might have a situation where you might have a daughter in the house, who has to contribute, and help upkeep the old age pensioners, and she might be earning \$70 or \$80 a week, and then she is also taxed at the other end by Government, in order for the transfer to be made to her mother.

Now, Sir, that abuse of the NIS Scheme must stop, because what is happening is this: there are many persons who are entitled to benefits under the National Insurance Scheme, very often cannot get their benefits because of the workload involved. There are many people who go home sick and go back out to work, and weeks or months after they are back out to work, then they collect the money which they should have collected at the beginning of the period, when they were ill, and at the time when they needed the money most.

Now, Sir, there are a few other aspects of taxation that I would like to look at. I have already referred to the preference in respect to the Turf Club rather than the Cricket Association. That \$8 million in Stamp Duties, that, too, is going to have the same inflationary effect as the other Consumption Taxes in Barbados. The \$5.5 million in respect of liquor and cigarettes, that burden will be carried by the poor people in the society. There are more people in the lower income groups than people in the higher and middle income groups in Barbados.

The \$2.6 million in gasoline and diesel, that is going to have a further effect of increasing prices in this

country. And I suspect that the surcharge on corporate profits will be passed on to the consumers in the long run, if not in the short run.

Taxes on the vehicles, Sir, as far as I can see, people in Barbados are paying far too much tax on vehicles at the point of entry into the country, in terms of duty, and also in terms of the running costs of those vehicles.

I now turn to housing, Sir. I do not intend to deal with public housing, but I want to look at some of the problems facing the people of Barbados in respect of private housing.

6.35 p.m.

Last year I produced evidence in this Chamber to support an argument that the cost of construction doubled during the period through 1976–1981, and it has increased substantially since then. And this is mainly due to the impact of Consumption Taxes and other taxes in the area of building, and the absence of any kind of control on markups in that area. Householders now have to pay increased Property Taxes. Their insurance premiums have increased. Those who do not have houses, their rents have increased; and the cost of public utilities have increased. And, of course, there is hardly any mortgage money around, and the cost of that money has gone up substantially since then.

We have reached a situation in Barbados, Mr. Speaker, where those people who have homes can hardly afford to live in them and eat three meals a day. Just think of someone who earns \$12,000 a year, and has a car, when he is finished with the monthly payments I doubt very much if he has a disposable income of \$100 a week; this is a person who earns \$12,000 a year. Those who do not have homes, Sir, have little or no hope of acquiring one, unless something is done about the cost of building and there is a reversal of an unfortunate policy decision taken in 1979.

I recall that it was the first occasion I was in this House during a budget, and I recall the clapping from the Other Side, when this announcement was made, and I believe that those who were clapping hands then are now wringing their hands — the announcement, Sir, which said that a man will not have to pay income tax for the privilege of living in his home and that is when the ratable value was abolished. Therefore depriving you of the right, by law, to deduct the full interest payments, insurance, Property Taxes, and repairs.

And I am calling on the Government to review that policy and restore a situation where people can deduct the full interest payments that they have to pay in any given year as deducted in consideration of their taxable income; the insurance they pay should be tax deductible

the Property Taxes they pay should be tax deductible; and there should be a greater allowance for repairs, because you have a situation now where you cannot borrow money.

If you go to the bank you cannot borrow money for repairs, you cannot get it; and if you have the money to repair your house, you get a small percentage off income tax reduction — I think it is 4 percent, something like that now. At today's cost that is very small, that is a very small percentage.

Now, Sir, I think if you look at the old policy, you would have seen that Barbados' housing stock improved considerably over a fifteen year period, and you do not see that rate of improvement in the housing stock now, and I suspect that if we persist with these same policies, that we would have a decline, a deterioration, in the housing stock in Barbados.

In the area of transport, Sir, just a very few observations, and I want to restrict my comments to the financial dimensions in this area. (*Asides*) I am just checking on the time because I have so much work to get through, it is difficult to get through in the time. Anyhow, I would have to be very brief in my remarks on public and private transport.

I will say this, Sir, there was clearly a lack of financial policy in respect of transport in Barbados. The fact that Government faces a \$15 million subsidy is, in my view, a testimony to the bankruptcy of their policy in the area of public transport. And I will say this: if you increase the subsidies every year, if you increase bus fares every year and you do not take into consideration, that if you expand a fleet and you convert that into a multi-million dollar operation, then other dimensions of management and financing must apply.

I would say this, and recommend to the Government, that they look into the area of financing via suppliers' credit of effective preventive maintenance programmes as part of the contract of buying, training programmes at all levels, the contracts should include firm guarantees in relation to the supply of parts and there should be a monitoring of performance.

I believe the public of Barbados will be very amused to hear that the new Mercedes buses cannot climb certain hills if they have a full load of passengers. (*Asides*) A passenger told me that; I don't know if it is true.

But, Sir, in the area of private transport — and time is a bit against me at the moment; I would have liked to explore this area in detail — but the area of private transport and the area of roads, Government policy seems to be entirely directed towards extracting as much taxes as it possibly can from the motorists and doing nothing

about the maintenance of the roads. I would have liked to expand on this a bit more, because it has serious implications about it.

If you were to take your road stock and you impute the value of that road stock, and you use a principle of one percent of the updated cost of that road stock, and you have a continuous and effective road programme, utilizing one percent of the updated cost of that road stock, you would have no problems in Barbados, with potholes or otherwise — because I tell you this: for every dollar that you spend in maintenance, assuming that 250 vehicles pass over one kilometer of road during a 24 hour period, you save \$4 in cost to the motorist; and in Barbados that means foreign exchange. For every \$200,000 that you spend in maintenance, you save about \$600,000 to \$700,000 in rehabilitation in relation to roads.

So, it is most important that Government should have a comprehensive policy relating to road maintenance, to try to get rid of the pot holes, to try and rehabilitate the roads which they have allowed to be destroyed over the years, and to have a compact policy in relation to public transport, private transport and also in relation to roads. This is an area which I would have loved to develop in greater detail.

I will not be able to speak on the problems of tourism because I have a duty, having analysed what I consider to be the main problems facing the economy, at least on the basis of trends and not the basis of any hard facts, because I do not have the final outturn figures, to make some policy suggestions.

6.45 p.m.

Now, Sir, my analysis has identified some serious imbalances, in relation to certain variables within the economy. The first one is an excessive money creation, or the printing of money, in relation to the foreign reserves of the Central Bank of Barbados. The second one has been an imbalance between the rate of increase in the domestic debt, particularly the Government component, and the rate of increase in real output. The third one, Sir, has been a serious imbalance between Government's revenues and Government's expenditure, particularly in relation to its capital programmes. And fourthly, there has been a crowding out of the private sector, by high interest rates, credit controls by the Central Bank, heavy Government borrowing and an international recession.

I believe, Sir, that these have led to the following consequences: A balance of payments crisis, paralysis of the public sector, reduction in the employment generating capacity of the private sector, serious inflationary pressures and further taxation.

This analysis, Sir, must show the vital inter-relationship between a Government deficit, your balance of payments problem, private sector activity, and the levels of real output in the community.

And, therefore, I think it is necessary to devise a strategy that takes all these factors into consideration:

1. Government must reduce its Current Account deficit, and not by sending home people. There is enough room in those Estimates to make cutbacks, for example, in the area of the Defence Force, and elsewhere, rather than depriving people of jobs.
2. The deficit on Current Account probably needs to be cut back by another 5 per cent. The Central Bank must modify its present monetary policies, and a crisis policy must be introduced in Barbados if there is going to be any question of any sort of wage restraint.

Sir, I want to say a few things about the prices and incomes policy, which I think was referred to by the Minister of Finance yesterday. Price controls must be a dominating factor. We will insist that we raise considerably the minimum wages for the lowest grades of unskilled workers. And frankly, I feel that an increase in the purchasing power of this community, to the extent of about 20 per cent, right now, would be in the public's interest, and that purchasing power should involve an increase of not less than 20 per cent at the bottom.

I believe, Sir, that an increase in that purchasing power would increase the tax base. I believe that if it is not done, the Central Bank will find itself in a position where it may have to create more money in 1982/83. I believe that it would filter through the economy in such a way as to increase Government's revenue; that it would increase private sector output; that it would probably contribute to the consolidation of our debt, which has been significantly augmented by high interest rates; and any impact on imports can be controlled by selective quotas and by tax penalties in respect of the import oriented sector.

These, Sir, are some short term measures which differ significantly from the non measures, I would say, put forward by the Government yesterday. I heard no policy measures — all I heard was talk of wage restraint and taxation. What I am saying is that I believe — and this is important too — if you lower interest rates in Barbados, and you increase the purchasing capacity purchasing power of the community by 20 per cent, that you are likely to get this economy going again, and you may find that Government would get more revenue without more taxation.

I need not say, Sir, that it is necessary to have a close look again at Government expenditure, because you can identify within that area about \$50 million to \$60 million that you can probably cut out. (Hon. H. B. St. JOHN: Tell us where.) Review your policy on Health, for example; you are wasting a lot of money in that area; wasting a lot of money. You, yourself, have said that you are wasting money in education — I did not say it — your side said it, you all said it, that you are wasting money in education.

It is a question of cost effectiveness; more cost effectiveness in relation to transport to help reduce the demands on current revenue. There are many areas that you can find. It is a question of efficiency and it is a question of management skills required in order to do these things, and that is where you have been terribly deficient over the years. So with \$50 million to \$60 million saved without sending home people..... (Hon. H. B. St. JOHN: How?).....without sending home people — we are spending \$60 million on the Defence Force in a three year period.

Other areas, Sir, that you have to look at is to see whether or not some of those capital projects cannot be rescheduled, or to make sure that the demands on current revenue in relation to those projects does not escalate. Make sure that that does not escalate, because I know what has happened in relation to the Bridgetown Sewage Project. I know what has happened in relation to Heywoods. And I know that you have had to go and borrow money from OPEC in order to generate counterpart funds for the road building programme which you do not have — counterpart funds that should have been generated locally.

So do not make any mistake about that — there is plenty room in the Estimates, outside of the area of Personal Emoluments, to give people reasonable wage increases. Look at those areas where you can cut back without sending home people, drop your interest rates, increase the purchasing power in the community, and you might find that that might be a way of getting this economy going again.

You certainly cannot get it going by taxation, you are not going to get it going by wage restraint and you are not going to get it going by further borrowings — nor are you going to get it going by going to the IMF. They have already been here.

We know what they have advised you in relation to wages but I do not think, although I am on this side, and although I have the information, that it would be in the public's interest to release that information now. I do not think so. I know exactly what you have been told. (Hon. H. B. St. JOHN: Release it. Do not hide it.

You are hiding it.) I will not release it. I happen to know. (Hon. H. B. St. JOHN: You are hiding it.) I will not release it. I think that that is in the area of bargaining and I do not want to compromise either side in the situation.

I am just making certain suggestions, and I think that if you take those steps, of reviewing your policy on interest rates, and reviewing your policy on wage restraint, bearing in mind what I have said earlier in respect of wages, you might find that you may get the economy moving. And certainly, if, in addition to that, you abandon the policy of printing money you will have an opportunity to get the country back to the state in which you found it in 1976.

Thank you very much, Mr. Speaker. (*Applause*) (Hon. H. B. St. JOHN: He is exhausted.)

Mr. Speaker, with your permission, I wish to move the following amendment to the Resolution before the Chamber. The amendment reads as follows:

That all words after 'WHEREAS' in line 4, down to and including the word 'inflation' in line 6 be left out, and that the following words be inserted instead:

'The domestic monetary and fiscal policies as well as the international financial policies of the Government have sharply intensified these pressures and have contributed substantially to the deep recessionary trends currently being experienced in the national economy.'

That all of the words after 'House', in line 7, be left out and that the following words be there inserted instead:

6.55 p.m.

"Call on the Government to review its programme and to devise alternative strategies and proposals which would control prices, increase productivity, reduce the excessive dependency on foreign borrowing and generally stimulate the economy."

Do you wish me to read the whole thing or can I leave it as that. (PAUSE)

I beg to move that this be the amendment.

Mr. L. E. SANDIFORD: Mr. Speaker, I beg to second that amendment, and I reserve my right to speak.

Hon. H. B. St. JOHN: Mr. Speaker, I rise to reply to the principal speech which has been made on behalf of the Opposition. I would like to say at an early time

in this speech, that the speech of the honourable Member for St. Michael South Central, the principal spokesman for the Opposition, was heard last night over CBC. It is not the speech of the Democratic Labour Party — it is the speech of Mr. Michael Howard, and the gist of the speech was contained in a paper called "An Interpretation of Taxation and Monetary Policies in Barbados." The honourable Member has no constructive proposals to put forward, neither has the Democratic Labour Party — they are only the mouthpiece of the views of Mr. Michael Howard.

This gentleman formerly worked with the Central Bank, he left the Central Bank — and I think the Central Bank is very grateful that they are relieved of the responsibilities of having to deal with him — and he is now a Lecturer at the University of the West Indies, Cave Hill, the academic tower. He enjoys the benefits of the unreality of decision making, he enjoys the benefits of a very short work week in relation to the rest of us.

The principal thesis, Mr. Speaker, of the Democratic Labour Party, is that the situation, that we in Barbados now are faced with, has absolutely nothing to do with the world economic situation; the Barbados Labour Party is responsible for the condition of Barbados. Barbados is not part of the world economic situation, we live on this planet completely unaffected by what is going on in the international economy. We live on this planet — and all our problems are attributable to the policies of the Barbados Labour Party!

Mr. Speaker, I make no apologies on behalf of the Barbados Labour Party for the policy of the Barbados Labour Party. That policy is that we, from the time we were elected by the public in 1976, set as our central aim, to raise the standard of living of Barbados to such an extent that our people will have employment, that social security in this country will be improved, that housing will be improved, and that the general standard of living in Barbados will be improved.

I make no apology on behalf of the Barbados Labour Party for this party indulging in a Capital Works Programme in order to create employment and to improve the productive base of the economy in Barbados.

I say this, Mr. Speaker, the evidence adduced by the other side is there. When we came into power, in 1976, unemployment was at a level of somewhere between 20 and 25 per cent. Today unemployment is well below those levels; it is somewhere between 10 and 11 per cent.

I also make no apology to Mr. Michael Howard, or any of the economists at the University of the West Indies at Cave Hill.

We believe, that in the context of an economy like Barbados, that we have to watch our competitive position *vis-a-vis* other countries, who seek to export to similar markets as ourselves. It is therefore very important for us to constantly monitor the level of costs of our manufacturing, our tourism, our sugar and our other export industries, and to match them in relation to our competitors. For after all, Mr. Speaker, we are of the developing world, and can only improve our standard of living if we can improve our share of the total international trade market.

7.05 p.m.

Wage restraint is a dirty word in the minds of many people. The Government has never projected wage restraint as an element by itself. We have always said that we must also, in conjunction with a policy of watching the wage component of cost, take into consideration other cost elements. Profits and other costs must be taken into consideration.

I feel very proud, Mr. Speaker, that in this budget, as in other budgets, the Barbados Labour Party has had the courage to face the question of the competitiveness of Barbados, squarely. Not only have we asked that we must watch our costs in relation to wages; we have repeatedly called on other sectors of cost in this economy to exercise restraint.

I, myself, in an address not so long ago, Mr. Speaker, had the courage to tell the hoteliers in Barbados that, in my opinion, they should take into consideration the fact that the evidence was clear in our tourism industry, particularly in relation to the European tourism market, that as a result of the devaluation of the European currencies, *vis-a-vis* the American dollar, to which our dollar is tied, our costs were greater than the costs in Kenya, Sri Lanka, and other long haul destinations.

One of the great criticisms of the document, which the honourable Member relied on so greatly, namely Mr. Michael Howard's study, is that he fails to take into account that in a country like Barbados, in which we are competing in tourism, in manufacturing and in sugar, with other Third World countries, that there are elements of cost over which we have no control.

Mr. Speaker, I am at a loss to understand how it is that in this document, and in the honourable Member's speech, he has not analysed or countered the efficacy of the points made in the Budget Speech that we are the recipients of the impact of the international recession.

The answer to that is this: either we decide in our minds to do like the others have done — the other countries, like Kenya has done, like Sri Lanka has done, like Brazil has done, like Argentina has done, like Guyana

has done, and many other countries — either contain the cost increases arising from the increase in value of the American dollar or the strength of the American dollar and devalue our currency; or tell our people, frankly, that we have to contain our costs here in Barbados by increased productivity or by a restraint in our wages and profits, or devalue. The Barbados Labour Party has no intention of devaluing the dollar.

Mr. Speaker, the German Mark has lost, in the course of a year, over 40 percent to 50 percent of its value in relation to the American dollar. The Barbados dollar is tied at half of the American dollar. It is obvious to a German, who spends Marks, that without any increase at all in Barbados, he has to pay the cost of that devaluation.

Similarly, the French franc has gone down by a similar percentage in relation to the American dollar. Similarly, the Swiss franc, although not to the same percentage; the Swedish krone, and all the European currencies, including the British pound. Tonight, Mr. Speaker, I believe that the British pound is now somewhere about 1.758 to the American dollar.

So when the honourable Member says that this Government is responsible for the failure of the increase in tourist earnings, through high hotel prices, I have to ask, what proposals does the Democratic Labour Party have to counteract the impact of the devaluation of the European currencies *vis-a-vis* the American dollar?

I have also had the opportunity, Mr. Speaker, of addressing many groups on this. I am satisfied that the Government's policy, in its exhortation to the Hotel Association, is the correct policy. We have explained, very carefully, the external factors to the Hotel Association. We have started a dialogue within the Hotel Association, and within the tourist industry in Barbados, as to the importance of trying to maintain costs. A similar situation also arises in relation to our other export earnings.

All of these factors are underestimated in this study. They fail to evaluate the impact of this fact — that Barbados receives less in Barbadian dollars for our exports to the European Common Market countries for the same amount of sugar in 1981, the year we are talking about, than we received in the previous year, notwithstanding the fact that there was an increase of 8 percent in the price of the sugar. So here we are being able to sell the same physical volume of sugar to Europe, fulfilling our quota requirements, but because of the devaluation of the European currency account in relation to the Barbados dollar, which is tied to the American dollar, we have received less money in our hands.

I want the Democratic Labour Party, I want all of the spokesmen who come after the honourable Member

— because the honourable Member has not dealt with this vital question, nor has Mr. Michael Howard — to tell us, what can we do to deal with that phenomenon? How can we in this country maintain our foreign exchange earnings when the terms of trade with our trading partners have moved against us? This is a problem that has confounded all of the countries who export commodities to the developed world. This is a fundamental problem.

The Barbados Labour Party has been pursuing a policy in which we are trying to cushion this impact. We believe that the answer to this is to try and diversify the sources of our foreign exchange earnings, and to produce that variety of export crops, and invisible and new sources of visitors in relation to tourism, so that we will be able to hedge, in this respect.

7.15 p.m.

It is for this reason that this budget has in the incentives for the expansion of the new type of agriculture which we would like to see in Barbados. So the provisions in the Budget in relation to agricultural diversification are designed to ensure that vegetable production, and other non-traditional exports, are given the stimulus to exploit opportunities which have been identified abroad.

I am at a loss to understand how the Democratic Labour Party is going to project to the public that they have an alternative policy. I wish to say this, Mr. Speaker, it is no point at this stage in 1981, in trying to make politics out of the state of the economy, for the simple reason that the political issue has been settled since June, 1981.

What the Democratic Labour Party has to do, like what we have to do, is to produce policies which will uplift our people between 1981 and 1986. That is the issue that all politicians should be directing their energies towards. We all know that between 1976 and 1981 the standard of living of the people of Barbados doubled. We know that — that between 1976 and 1981 the standard of living in Barbados doubled. That is why, Mr. Speaker, we have absolutely no difficulty in telling the public that they never had it so good, because if you doubled your standard of living over a five year period, I think we were perfectly entitled to say, they never had it so good.

I would like to know, Mr. Speaker, whether the Democratic Labour Party is telling the public that the Government, because we had the courage — and this is very important — because I believe that the real distinction between the Democratic Labour Party and the Barbados Labour Party is this. We have the courage, we have the faith — we believe that it is our duty, as a Government, to lift Barbados up whenever we have an opportunity.

Does the Democratic Labour Party believe that it was right in 1975, when we had the largest foreign exchange earnings — from the export of sugar, when the world market price was at its highest — do they believe that it was right for them not to have started the polytechnic, not to have started the Post Office, not to have started the Sewage Scheme, not to have started Heywoods, not to have started the Cement Plant?

Now these are five major projects that they had the opportunity of, according to them, hiring the architects, putting them out to bid, having the money. They, Mr. Speaker, were faced in 1975 with an unemployment rate of, whether it is 20 or 25, it was somewhere between 20 and 25. They had the opportunity — provided, of course, they had the courage, provided they had the commitment, provided they believed that it was the duty of the Government in the context of a country like this for the public sector to take the risk.

They had the opportunity. They walked away from that opportunity. They walked away from it! They did not start the polytechnic. They did not start the Sewage Scheme, although the honourable Member, now Acting Leader of the Opposition, signed the agreement in which was embodied that there would be an increase in water rates in which they agreed that they would increase the sewage rates.

One of the points that Howard makes in his paper is that politicians have to take decisions that sometimes are unpopular — and at page 14 of the same study that the honourable Member made a document of this House — well, we all know, Mr. Speaker, that what Howard said on CBC last night is what the honourable Member for St. Michael South Central said today — he is a conduit pipe of what Howard says — listen to this, Mr. Speaker, page 14, "The Government's pre-election fear of any political opportunity cost of postponing the provision of public goods has set the stage for serious balance of payment problems."

Now, the honourable Members are wrong. We had no political fear. We embarked on projects. That is the distinction, because we believe that our people are people of literacy and understanding, and they know that you cannot get progress without sacrifice, so they have physical evidence of progress.

I can take my people in my constituency to Oistins and they can see a highly visibility quotient. The Oistins Project is there for all to see. I can take any honourable Members from any other constituency in Barbados. I can show them that the Post Office is being built in Bridgetown.

We can take them also, and we can drive them along the Cheapside Road, all along that highway, right down the Spring Garden Highway and we can take them, Mr. Speaker, to Speightstown. We can show them that there are two roofs to the Hotel at Heywoods, of the seven.

We can take them from there to St. Lucy, and they can now drive from Chance Hall or Checker Hall right down to the beach. They can see that the foundation to the Cement Plant has started. We can take them, Mr. Speaker, to St. Barnabas.

We can take them, Mr. Speaker, up by the CDB. They can see a polytechnic completed, a polytechnic which the honourable Member for St. Michael South had not been able to persuade the then Minister of Finance not to build in a flood-proned area next to the Queen Elizabeth Hospital.

So his failure, his inability, his lack of decisiveness with his own Minister of Finance has caused this Government all the cost overrun. Had he been firm and fixed the site at the proper place, that would have been built long ago.

7.25 p.m.

I have an answer, Mr. Speaker, to Mr. Howard and to the honourable Member, because the honourable Member only echoes the sentiments of Mr. Howard; let him, as an economist, stick to economics. As politicians we take the decisions, we incur the risk, and we are prepared to suffer, Mr. Speaker, the political consequences for our decisions.

This Government, like any other Government in a Third World country must understand that the stimulus to the economy will come from the politicians and not from the private sector. I believe, Sir, that in the course of the next two days the Barbados Labour Party will be able to explain its position to the public of Barbados.

The honourable Member's speech contained nothing new. He quarrelled about the printing of money, he quarrelled about mismanagement. I am not going to deal with the printing of money. I think, Mr. Speaker, that it is well known that if you anticipate a certain source of revenue, there is nothing wrong in borrowing, in anticipation of that revenue.

I had the experience of being part of the advisory group which ran Local Government in Barbados, and I knew that cash flow problems in public finance, and Local Government, used to manifest themselves in the fact that tax revenue came in only twice a year. And I knew that it is always necessary to borrow money from commercial institutions in anticipation of revenue.

In a small developing country, I say this: the Central Bank is the principal agent for the management of foreign debt in any developing country. And provided that you are confident that you will be able to convert short term loans into long term loans, the use of the Central Bank's accommodation has absolutely nothing to be afraid of. It is a question of understanding that short term accommodation must be converted into long term accommodation. The problem arises when there is no certainty, because of your bad credit situation of converting the Central Bank's short term accommodation into long term accommodation. That is the problem.

Mr. SPEAKER: The honourable Member has two minutes.

Hon. H. B. St. JOHN: I believe, Sir, that I can dispose of the other point raised by the honourable Member, very quickly. It is the question of the bunching of projects.

It is easy to make the allegation of the bunching of projects. When, at some in the very distant future, the honourable Member has the responsibility of taking decisions in relation to projects, he will understand that there are two choices one has, when one has to make those decisions. One is, to do like his party did — do not make the decision; and the other is to do like we did — make the decision. When you make the decision, sometimes you find yourself having to accommodate a larger number of projects than possible. Thank you, Mr. Speaker.

SUSPENSION OF SITTING

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that this sitting be now suspended for forty five minutes.

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

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

7.35 p.m.

On Resumption:

Mr. SPEAKER: This sitting is now resumed. The question.....

Mr. L. E. SANDIFORD: Mr. Speaker, it is indeed the question. Some 28 years after the foundation of this Parliament, and coincidentally some 28 years also since the first Sandiford sat in that original Parliament..... (Hon. L. S. CRAIG: Shakespeare again. Poets again.)

The English poet John Milton discussed some fundamental issues which he felt were plaguing the human race, and in his very great poem, epic poem, *Paradise Lost*, he said:

"Of man's first disobedience
And the fruit of that forbidden tree
Which brought death into the world
And all our woe
With lost of Eden
To one greater man restore us
And regain the heavenly seat."

He therefore, spoke about fundamental issues, and today it is necessary for us in this country, also to discuss some very fundamental issues; because the time has come for us to consider the plight of our small country, to consider this crisis in which we are currently embroiled, and to see how we can get out of it.

But perhaps, we may prefer a poet from the other side of the Atlantic, and perhaps I should quote from Henry Wadsworth Longfellow in the "Psalm of Life":

"Tell me not in mournful numbers,
Life is but an empty dream,
And the soul is dead that slumbers,
And things are not what they seem."

Mr. Speaker, the people of this country are really perplexed and confused, and they are asking, "What has gone wrong? What has happened in our country?" Let us, at the start, admit that there is an international situation; let us admit that Barbados is part of that international situation.

But before I get into the main burden of my presentation, let me take just a few minutes to congratulate the Prime Minister on his presentation.

He was immaculately dressed as usual and he was in fine fettle. It may be that on this particular occasion he did not appear to be as fully in control of his material as on previous occasions — we had a few blunders over the words and so on, but I assumed that that was part of what he termed the sombre note, which he was striking as far as the presentation was concerned.

He however contrived to fortify himself with some clear liquid, Mr. Speaker, some kind of beverage, I do not know if the price of that was before or after the Budgetary impositions — I am not quite certain. (ASIDE: Soda water.) But whatever it may be, at least he did make a good presentation, and I think it would be ungracious of me not to admit that.

His cohorts were well schooled as well, because they were cheering and thumping the tables at the right

time — and even at the wrong time — as when they left the Member for St. Michael Central to thump.....

Mr. SPEAKER: I think you mean the honourable Member.

Mr. L. E. SANDIFORD: Yes, he is honourable. He is honourable, and he was thumping the table honourably and loudly, all by himself, when the Prime Minister warned persons about some penalties which they might be subjected to. (Hon. L. S. CRAIG: If they do not pay. If they do not pay Income Tax.)

Be that as it may, we welcome the increase in child allowances in the Budget; we welcome the increases in the rate for non contributory old age pensions. But we must warn, that those presentations in the Budget, those giveaways must in no wise be considered as a substitute for the payment of those utility bills, which the Government has promised that it will honour, and the Minister himself, has given an undertaking in this Chamber to review those which have been sent back.

While we are being very gracious about it too, let us all admit, and I hope that it will come from that side as well, that we had a very thoughtful presentation from the Shadow Minister of Finance, the Member for St. Michael South Central. It was thoughtful, it was.....

Mr. SPEAKER: Honourable Member!

Mr. L. E. SANDIFORD: Honourable. Yes, he is honourable. It was thoughtful, it was cogent, it was analytical, it was constructive, it was pellucid.

And I think.....(Hon. L. S. CRAIG: Recitation).... that the arguments and the contentions are now fairly drawn. It is the Democratic Labour Party and the Barbados Labour Party examining the fundamental issues of this country, and the people can judge from that analysis, which one accords more to the facts of the situation in which we find ourselves.

The people can now judge that what we have been saying, all along, about the nature of this economy, about the problems that we were facing, and about the kinds of solutions that we were offering to the Government, that the Democratic Labour Party was well on the right track and that the Barbados Labour Party Government was not paying heed — they were going on, regardless.

Now I cannot say very much about the speech of the honourable Member for Christ Church East Central. It was not one of his more perceptive interventions in debate in this honourable Chamber, but at least he did make one point. He said it called for political courage, and that the Barbados Labour Party Government had the

political courage to implement a Capital Works programme.

Now I said that we had best admit from the outset that something is wrong in this country, and let us admit that there are circumstances and factors beyond the control of the Barbados Labour Party Government, and that those factors reside in the international situation. No one will deny that. We certainly, on this side least of all; because we realise that we live in a small open society, a small open economy, that is subject to the swings, the demands and the pulls of the international situation, and to that extent, what we do here what we import here, the type of economy we try to construct will be influenced in ways beyond which we may not be entirely in control. We freely admit that.

We, however, must say that while we on this side admit it, the Barbados Labour Party Government was not so gracious as to admit it during the period 1971 to 1976, and particularly during the period 1973 to 1975.

There is the international situation, but it was the same international situation that the Democratic Labour Party Government had to deal within 1973 to 1975..... (Hon. L. S. CRAIG: Forty percent inflation) At that time — we admit it — inflation rose to approximately 38.6 per cent or thereabouts — that is true.

But we were reeling under the effects of an almost 400 per cent increase in the price of oil. We were reeling under the effects coming from the international situation of a substantial increase in the price of food. We were reeling under the effects coming from an international situation, of a substantial increase in the cost of manufactured goods which we imported, and capital goods; and also, at the same time, for most of that period, a decrease in the cost for the primary products and the other products which we exported.
8.25 p.m.

That is the situation in 1973 to 1975. It was a time when the world economy was facing a substantial crisis, the deepest that it had to deal with since the 1930's when John Maynard Keynes explored those problems in his general theory. But, at that time, we got no sympathy, and no understanding, from the Barbados Labour Party Opposition, as it then was, under the leadership of the honourable Member for St. Thomas.

But by 1976 — and we have got to follow this analysis — according to the Central Bank's information in its Quarterly Report, they reported that inflation had dropped to a figure of some 2.6 per cent. Yes, and even during that period of time, after 1975, we were able to register improvements in most of the productive sectors of the economy. Manufacturing grew by 18 per cent;

construction by 13 per cent, and agriculture by some 6.5 per cent; leading to an overall growth in the Gross Domestic Product of 6.5 per cent. That is when we left office.

That is not the analysis that the Barbados Labour Party gives — they give the impression that when they assumed the reins of Government of this country, that it was in a total mess. But that is not borne out by official statistics.

Let us accept the argument that they advance, purely for purposes of debate. Their story goes that they rescued this economy and set it on an even keel, and the honourable Member for Christ Church East Central, the Deputy Prime Minister, said that the standard of living has even doubled. That is the analysis. If the Barbados Labour Party Government has improved matters in this country to that extent, and now they are admitting that things are bad, who is responsible for making it bad? If they take the credit for increasing and improving, they must, by definition, also take the blame for what has gone wrong.

I have already said that we will accept that there are factors in the international situation over which they have no control, but that is only one aspect of the matter, because we realise, and we know, that a budget is a tool in the hands of any Government to regulate the economy, to deal with matters of demand and supply — that the economy can be fine-tuned in order to deal with whatever structural or other problems there may be. And through judicious use of fiscal, monetary and physical tools, a Government may be able to control certain movements within the economy. That is what a budget is.

They have the Central Bank to influence the money supply and to influence through their open market operations and so on, monetary matters, and then they have the power of taxation. They can reduce or increase taxes, they can increase or reduce Government expenditures, and all of these matters can affect the economy. So we are in a position, therefore, where this Government, even within the context of the international situation, has at its disposal the tools and the weapons to influence this economy, and to ensure that the standards of living of the people of Barbados are not eroded.

It is within this context that we assert, from over here, that the Barbados Labour Party Government must carry the blame, to a large measure, for a lot of the problems which this economy is experiencing at the moment. We maintain that the interest rates are too high in this country, and that this has a deleterious effect on economic activity in the country.

The Government is wont to say that they cannot do anything about the interest rates when, in the international situation, the interest rates are high. But we

are saying that by the policies of the Government itself, being a prime mover in the market for money itself, has had an upward pull on interest rates in this country — because the Government is one of the main competitors for money in that market — and by the policies which my colleague, the Member for St. Michael South Central, has already set out.

He has indicated where the Central Bank, acting on behalf of the Government, exercised an upward influence on interest rates. Then, in that situation, the Government goes into borrowing by means of Treasury Bills, which increases the cost of those Treasury Bills to the Government itself, because if you put up the interest rates and then you go in there and borrow and put your Treasury Bills on the market you have to pay more on those Treasury Bills.

Then you come back and say you cannot close that gap between current expenditure and revenue, because your borrowings have not been enough to close that gap. But you, yourself, by your monetary policies, have made it impossible to get as much from the Treasury Bill yield as would close that gap.....So we are in this kind of circular situation, a kind of, what shall I call it? Shall I call it 'Tommynomics' or something like that? That is the only way I can describe that kind of situation.

As far as the utilities are concerned, we have heard a lot about water and the cost of water. Let me make it clear: Water rates in this country were increased in 1977, they were increased in 1979, they were increased in 1980, and again in 1981. I am saying that the Government must shoulder the full responsibility for those increases. You have the responsibility.

You came in and you found an agreement. I was happy, I signed the agreement in Washington, I am not denying that, I can take responsibility for signing the agreement. But you found that agreement, and I will tell you this: You also found the North Point and you got rid of that; you found the Springhall Agreement as then worked out, and you got rid of that.

You found all kinds of things — you found the Sales Tax and you got rid of that — so you were quite in order also to get rid of the agreement with the Inter-American Development Bank. You did not! Rather than that you are pushing, now extending it, because you said the area you were operating in was not large enough and now you are considering the south coast and the west coast, so it must have been a good agreement.

I am not claiming any credit for myself — I was only Minister of Health for a short time — but I am saying that the Democratic Labour Party has nothing to be ashamed about in that regard. Neither the Democratic Labour Party nor myself, nor Dr. Caddle who was then

the Minister of Health, who had most of the spade work on that particular matter. There is nothing at all for us to be ashamed of.

8.35 p.m.

The real reason for these increases in rates was, as my colleague, the honourable Member for St. Michael South Central said, the increase in the electricity rates, the cost of pumping that water. And I challenge the Prime Minister to get up in this House and tell the House and the people of the country how much the Water and Sewage Authority, or the Waterworks Department as it then was, had to pay for the pumping of water in 1977, 1978, 1979, 1980 and 1981 and we will see where the real reason for the increase in the water rates really resides.

It is really time that we get rid of these very childish arguments, and I hope that I have dealt with that problem once and for all. I will not go into the question of the institutional study that was supposed to be carried out on the basis of which we would get increases. I think that is well known.

Now, Sir, we repeat the argument that the Government is responsible for the over-heating in the economy. It is all well and good to get up and say that you have political courage and therefore you are going to embark on those capital projects. That is one way to say that, but then look at the problems that we have got ourselves into as a country. There are fantastic problems, and we are discussing this budget today against that particular background.

Now I have already identified the period 1973, 1974 and 1975 as years of deep recession in this country, which this country shared with other countries of the world as they battled, for the first time, with the problems of inflation, and with the problems brought on by the tremendous increase in the price of oil.

What the Government did when it got into power was to defer most of the projects until 1979–80 and 1981 and then bunched all of those projects together, because in the kind of economics that the Prime Minister may have been taught at some stage, maybe some 20 years ago — he still remembers it, because he has a good brain — at that particular time there was a feeling that you could manipulate the economy in such a way that you could bring about a boon, and you could moderate the worst effects of a slump if you used some Keynesian methods. That is all that happened.

So we are saying now that we are paying the price for the political manoeuvrings which led to your victory in the 1981 General Elections. It is as simple as that, and the people must understand why we are in this present position. All of these projects were bunched together in order to give the impression of — I would not

use the word "full" employment because we would not get full employment; I prefer to use the word "high" employment — a high employment society so that you could go and boast that you have this high employment. And what is the result of that now? We have retrenchments, we have lay offs, we have a cut in services — but I am concerned about what is being cut in this country.

I know the honourable Member for St. Michael South East is rearing to construct houses, but he cannot get a proper housing start done. Instead of that, what we have are some road projects still going on. I am saying that a Government which really cares for problems in this country, instead of continuing on expensive road projects would, in fact, shelve some of these projects for the time being — I did not say cancel.

It should get a proper phasing in programme as far as they are concerned — choose the priorities right, get the houses going, and defer one or two of the road projects — leave out those capital road projects for the time being and concentrate on a rehabilitation of existing roads. Put in a few lay-bys to take some of the traffic which park on the road and impede the flow of traffic, and tell people there is no point talking about hurrying — have a little patience in the present circumstances. Now that is a positive constructive proposal, and I think it will deal with some of the problems.

Now what is the way out, as I come to the last phase of my presentation, for the 1982 Budget? The Government must first of all listen to sound advice. It must not be disobedient like that man in the original garden. He must listen to advice and you must create the right climate.

We advise you that it is necessary to bring together capital, labour, the representatives of the workers, the employers, the manufacturers, in a top national body.

I almost called it a National Economic Council, but if I call it that name, I may be told that there is such a body in existence already, and I do not mind the body being in existence, but I want the body to meet. I have a feeling that that particular body does not meet very often, and then when it meets there are only desultory considerations and discussions.

So we must create that climate first of all, with meaningful national consultation in that regard. Then, again, we cannot blame the workers in this country for everything that is going wrong and expect the workers to carry the full blame.

Mr. Speaker, I am not against a wages policy, but it must be a wages or incomes policy that applies to all levels, and to all forms of income in this country, but

which takes into account that the workers are at the bottom of the economic ladder and that they must be given preferential treatment within that particular policy.

By the same token, we must also carry along with that a policy for the control of prices, because it is no point talking about the control of wages, or control of incomes, unless you control those areas which lead to wage demands in any event.

So it has to be balanced, and these matters can only be discussed and traded in a kind of national consultation where you will get the inputs of those who are particularly interested. And so, Mr. Speaker, we must stop playing off one group of people or one agency against another.

This thing about the Turf Club against the Barbados Cricket Association, I do not think the Government should really be getting into. If you want to increase the cost for tickets abroad, you may do so, but let it be general and apply to everybody.

I understand, in fact I heard it on the radio, that the honourable Member for St. Thomas was presenting some prizes at Kensington, and I understand — I do not know — that he told one Captain Short, "You have asked me to present these prizes, but I am certain you might not speak to me after I have made the presentation." That might of course be apocryphal. 8.45 p.m.

Mr. SPEAKER: I will speak to the honourable Member now. He has only one minute in which to wind up his debate.

Mr. L. E. SANDIFORD: That will be enough for me to wind up. One minute is alright for me.

So, Mr. Speaker, it is a pleasure for me to second the amendment that the Democratic Labour Party has presented to this honourable Chamber. And we hope that, having examined the situation against the arguments that have been presented, the people of this country will realise that when we advised the Government about a Supplementary Budget in 1976, and early 1977, that was sound advice, which they ignored; and then after that they have to come and take corrective action.

When we told them that they should set up a Task Force, they laughed that to scorn. But instead of that, they set up a Task Force to look after the St. Joseph Hospital and there is talk about a Task Force for Energy.

We have always been very constructive and, Mr. Speaker, I hope that after this presentation, that the

honourable Members over there will see the wisdom of the arguments that we have advanced.

Hon. Dr. D. G. BLACKMAN: Mr. Speaker, I do not propose to spend too much time on the level of macro-economic argument, as ordinary speakers, like myself, are limited to 30 minutes, and it would be impossible during that time to do justice to some of the macro-economic issues that have been aired here this evening.

Mr. Speaker, I must, however, advert to the charge made by the honourable Member for St. Michael South Central, in which he took the Government to task for its Capital Works Programme.

I believe that it is fair to contrast the approach of the Government now with the pseudo Keynesians who came to power in 1961. At that time, the Democratic Labour Party, trumpeting the virtues of Keynesianism from the political platforms in this country, led the public to believe that all that was necessary to solve the unemployment problem in this country was to spend money widely in what was designated as a crash programme.

Some of the apostles of this economic programme took, literally, a statement that Keynes is alleged to have made after he had imbibed literally at a party. He was asked, "What would you do if there was nothing productive on which to spend this money". And he replied, under the influence — the story is told of the drinks — "Well, we will simply get the workers to dig holes and fill them up again."

The economic genuises of that Government in 1961, misunderstanding the facetious nature of this comment, proceeded to take Keynes, in his party mood, at his word, and employed in an unprecedented bout of squandermania — hundreds of people to stoop by the side of the road removing blades of grass from one area to another.

The Capital Works Programme of the Barbados Labour Party is in stark contrast to this type of unproductive spending, Mr. Speaker. It is a programme which seeks to establish an unfracture, whereby unborn generations will be in a position to use. It seeks to produce instruments through which incomes will be generated for the enrichment of this country. I believe the honourable Deputy Prime Minister conducted us on a repertoire of the locations of these programmes, which are productive and long-lasting.

If, therefore, we follow the suggested economic policies, or the policies implicit in the programme of the honourable Member for St. Michael South Central, we might well find ourselves in a situation where, some two decades after the event, there is nothing to show for this massive expenditure of money.

I am not suggesting, Mr. Speaker, for a single moment, that it is not better for a man who is without money in his pocket to have money in his pocket. That is not the argument. The argument is how best can a Government deploy the admittedly limited financial resources of a country?

And it is an uncontested fact that not only will in-frastructure be established, which will remain long after all who is present in this room have passed into the Great Beyond, but that it has contributed to a single achievement of the Barbados Labour Party Government, where from 1976 to the present period, unemployment in this country has been reduced by more than 50 percent. Coming at a time when there is international recession, I believe that that, more than anything else, represents a triumph of the economic policy of this Government. (Applause).

But I shall move, Mr. Speaker, on to the micro-economic level, because some fairly specific charges were made, in respect of areas for which I have some ministerial responsibility, to which I feel constrained to respond.

I believe I heard the charge that the welfare policy of the Government was in a mess. The statement is erroneous on this ground — there is no welfare policy of the Government. The bad days of welfarism have been laid to rest by this Minister, and we have substituted, in its stead, a progressive policy of social development. (Applause).

When I came into the Ministry of Community Services, Mr. Speaker, I made a commitment — which I kept — which was to exacerbate the miasma of welfarism from the face of this country.
8.55 p.m.

I categorically rejected the prolonged mentality which held that poverty was caused by original sin, and that there was some human condition, called human nature, which was a condition *sub specia eternie*, a condition which was unchangeable; and within this condition you had certain elites who by virtue of genetics, or by some magical situation, found themselves prospering in the land at a great amorphous mass of poverty stricken people, who inherited this poverty in their genes, human condition to have a tiny elite group and a large amorphous suffering mass to which sops had to be served.

I, myself, Mr. Speaker, have heard a Member, on that side, extolling such, and arguing that it is an endemic in the human conditions. I do not want to embarrass him by identifying him Mr. Speaker.....(Asides) on that side.

Mr. Speaker, starting from the humanistic assumption that there is an inherited dignity in all human beings, the social development theorist must proceed to implement a programme which ensures a minimum level of material comfort consistent with a community which likes to be described as civilized.

I found that my ideals for social development fell on fertile grounds within in Barbados Labour Party. And that is precisely why the record, with respect to old age pensions — the most vulnerable group in this community — is one of which this Government can be justifiably proud.

When you will contrast it, Mr. Speaker, with the sorry record of an organization, that represents itself to be to the left of this organization, then one must ask the question, why in fifteen long years the Democratic Labour Party saw it fit to increase old age pensions by only \$11.20? And now in six relatively short years, Mr. Speaker, the Barbados Labour Party has increased it by \$20. And I would hope, that next time these parties face the people of Barbados, seeking their suffrage, that old age pensions would be quadrupled from the 1976 figure which we inherited.

So a pension commensurate with a certain standard of material comfort is the first precondition that must be satisfied in a Social Development Programme. But man does not live by bread alone, Mr. Speaker, people must be protected from the elements. And that is why we instituted a Housing Welfare Programme, based upon respect for the humanity of the aged. Not a programme which was administered in a contemptuous fashion where paid lacks were placed on trucks throwing pieces of board at the old people! It was a programme based on the objective of making the house of every pensioner in this country wind and water tight.

And not only we deemed it necessary to protect the elderly from the elements, Mr. Speaker, but also we wanted the elderly to be proud of the appearance of their dwellings. Aesthetics are very important to the psychological well being of a human being, irrespective of that person's age. That is why we produced a programme of painting the houses in an attractive manner, so that the occupants could be proud of their house. There were some political troglodytes — people with the outlook of political cavemen — who believed that this was a waste of money. The question of human dignity cannot be quantified.

We move one step further, Mr. Speaker, in this programme of social development for the elderly. We recognized that the automatic response to a person weakened by age was to confine that individual to an institution, which traditionally has been called the Almshouse.

There is a euphemism for describing such an institution as a District Hospital, but so long as persons, who by reason other than ill health are forced to lodge in these institutions, they are for all practical purposes almshouses.

The Home Help Service was called into existence to abolish, for all times almshouses. Within this Home Help Service, we ensure that old people are no longer visited with the indignity of being confined to a cold and impersonal institution, to live out the rest of their days in shame and humiliation. We ensure that these people, who contributed their vital years to the development of this country can now be served in dignity, within their own households. Their clothes will be washed; their food cooked; their homes cleaned. This, Mr. Speaker, is a Social Development Programme, and that is why it is totally incorrect to characterise it as welfare.

I look forward within the immediate future to not only renaming that department, which is now called the Welfare Department, to remove the word 'welfare,' but to reconstruct it and ensure that the functions it performs no longer resemble the functions that it assumed when it came over from the Local Government.
9.05 p.m.

Next Sunday afternoon, on the premises of St. Barnabas Church, we will be participating in a ceremony, in a project jointly conducted by the Ministry of Community Services and St. Barnabas Church, to establish what is the first of its kind in the Caribbean — a recreational centre — a Day Care Centre for the aged. *(Applause)* We recognise that when old people live in a community, even although they prefer these communities to District Hospitals, there is a problem of isolation and loneliness. And we believe that the elderly like to do the things that other members of the community do. Within this centre, they will be put to productive services — they will dance if they want to dance, they will hold hands with members of the opposite sex if they want to hold hands, and anything else within the limits of their capacity. *(Laughter)*

Turning now from the specific area of what was misnamed welfare, Mr. Speaker, but which is in reality social development, to the vexed question of transport. The policy of the Government on transport is very, very clear. Mr. Speaker, the Government is committed to ensuring a reliable service that is not too expensive for those people who are called upon to use the buses, having regard to the fact that the people who use the buses come from the lowest socio-economic stratum within the society.

At the same time, it is recognised that the subsidy that the Government is called upon to pay, is excessive. And it is my view that the magnitude of the subsidy

required to be paid has its genesis in the inefficiency of the organisation.

The Ministry is now putting a proper management structure into place, and other systems, which will have the effect of reducing unnecessary costs to the taxpayer. And I hope that next year at this time, when I come back to speak to the nation, Mr. Speaker, that I can report that we would have gone a long way towards a significant reduction of the subsidy while, at the same time, improving the quality of the service.

It is our intention, Mr. Speaker, to improve the service by increasing the rolling stock. And on the question of the rolling stock, I must make some comment about a statement made by the honourable Member for St. Michael South Central about Mercedes buses which recently arrived.

Mr. Speaker, it was claimed that these buses could not climb hills. But anyone with a knowledge of the importation of buses, knows that when buses come into the country there are always adjustments that have to be made. There is no bus that has ever come into Barbados, to be operated by the Transport Board, which was not subject to adjustments. These adjustments are relatively minor adjustments and are qualitatively different from the structural deficiencies that were ever present in the 100 — plus Seddons that were purchased by the Democratic Labour Party.

It is one thing, Mr. Speaker, to purchase a vehicle which will suit your needs by minor adjustments, and it is another thing to purchase a set of vehicles from which you can only escape by throwing them into the sea — and that is precisely what happened in the case of the purchase of the Seddons. One hundred and three of these vehicles are now around the necks of the Transport Board like an albatross.

Mr. SPEAKER: The honourable Minister can stand on his feet for two minutes more.

Hon. Dr. D. G. BLACKMAN: And, Mr. Speaker, each year the Transport Board has to spend \$3 million in spare parts, alone, on these vehicles. Three million dollars in spare parts, Mr. Speaker, is equivalent to about 22 buses. Twenty-two new buses could be purchased with the money we are forced to spend on spare parts.

I regret, Mr. Speaker, that I have no time to deal with the question of roads, but I would just like to say this quickly, that when one constructs roads, one does not construct roads simply for people to walk on.

Roads, particularly major road development, ought to serve certain social and economic purposes, separate and distinct from being used as mere arteries for

transportation. A road development should envisage a relocation of residences, as well as business activities. It is well known that the Spring Garden Road will open up lands for industrial use; lands which would otherwise have been kept in an idle state.

So these roads are not being constructed for their own sake, and to talk of freezing development on road building, unless it involves the stopping of potholes, indicates a total misunderstanding of the social and economic consequences that are attendant upon major road works.

I am sorry, Mr. Speaker, that I have to stop at this stage, but I am going to ask one of my colleagues to expatiate further upon this. (*Applause*) (*Asides*)

Mr. SPEAKER: The honourable Member for St. Michael North.

Mr. P. M. GREAVES: Mr. Speaker, during the course of this debate, I am sure that we are going to be treated to all kinds of speeches. There will be 'before dinner speeches', and there will be 'after dinner speeches'.

It is always interesting to hear the Honourable Minister for Transport and Works while he is on his feet. It is not so easy, Mr. Speaker, to be the person to follow him in an address.
9.15 p.m.

The honourable Member for St. Michael East referred to persons employed in 1961, as he said, to pull grass; and he termed that squandermania. I believe that what was done in 1961 recommended itself to the same honourable Member who just spoke in 1981, and a similar work force was employed in St. Michael East to carry out a similar assignment.

It would appear, Sir, too, that all the old and elderly people, the senior citizens of this country, are all concentrated in St. Michael East. We have heard about all the good works in housing and in painting — none can be seen outside those confines of St. Michael East. I too, have some old people in my constituency, and I would be glad if the honourable Member would even send some lumber and, to use a term, push at some of the old people in my constituency, I am sure they would all be eternally grateful to the honourable Member for that.

If I may return the debate to the Budget, which it left for some time, it was only on Friday of last week, less than a week ago, that we completed, if that is the correct term, I think rather we came to what is now the usual abrupt end of the Estimates. At that time, it was estimated that there would be a gap between what it is anticipated the Government would collect in revenues and

what the Government expects to spend on the goods and services of this country during the next financial year, and the size of that gap at that time was \$145.5 million.

Yesterday, the Right Honourable Prime Minister and Minister of Finance presented his Financial Statement and Budgetary Proposals to this honourable Chamber, the result of which it is anticipated that \$27.55 million of that deficit will be met by taxation on a wide ranging area of group services in this country — so wide, Sir, that it includes the healthy and the sick — even the hospital beds are double in price.

Those revenue measures will reduce the deficit of \$145.5 million to somewhere around \$118 million. But there is a balance that has been carried over from the last financial year, that ended yesterday, into this financial year that began today; and we heard no mention made of that balance by the honourable Minister of Finance. In my own calculations, Sir, it would appear that that balance is somewhere in the order of \$48.4 million, and it is arrived at very simply.

We have been told by the Minister of Finance that the overall deficit for the financial year 1981-82 was of the order of \$191 million. From my own research, in the Estimates of 1982-83 you will see that Capital receipts, for financing capital projects from an assortment of financial institutions — including the Canadian International Development Agency (CIDA), the Caribbean Development Bank, the Inter-American Development Bank, including the raising of monies by way of debentures and the raising of other loans, as well as some funds made available from the Technical Fund for Co-operation of the Inter-American Development Bank — would realise \$142.5 million. So the difference between what was realised on capital receipts, \$142.5 million, and the overall deficit of \$191 million, leaves us, Sir, with a balance that is carried over from the last financial year into this financial year of the order of \$48.4 million.

I believe, Sir, that the Minister of Finance should not leave this honourable Chamber in the dark as to the measures that he proposes in order to cover this deficit of \$166 million, which then is the deficit of \$118 million, to which we have added the balance brought forward from the last financial year.

One hundred and sixty six million is not a small figure, and there are a number of ways in which the honourable Minister of Finance can completely close that gap. One way, which would not go the whole way, is to so stimulate the economy that a substantial amount of funds can be realised as a result of some stimulus that is given to the economy. I do not believe that any honourable Member here would argue that the measures taken yesterday will ever have that effect. One other way is by borrowing, but the public debt stands at an all time astronomical high of somewhere in the vicinity of \$700 million. That is more than three times the amount it

stood at when the Barbados Labour Party took up the reins of the Government.

Now, I want to make this clear, that we of the Democratic Labour Party are not so naive as to believe that one should not have a national debt. We feel that the beneficiaries of any development should be the persons to pay for that development; whether the beneficiaries are now or in the future. So if there are future beneficiaries of that development, we also feel that they should pay for it, and it would appear to me, Sir, that the honourable Minister of Finance has been paving the way for further borrowings — in fact, I can see no other way out of this — by his references to debt service ratio as being extremely low.

We — and I believe the Government — is also of that view, but when they find themselves in difficulties they have to depart from it. We of the Democratic Labour Party feel that monies that are borrowed should be used to finance capital projects and not used to finance the day to day commitments of the Government, or to prop up foreign reserves. This is where we draw the line.

There is also the possibility that the deficit might be made up by additional taxation, and this is, indeed, a real possibility.
9.25 p.m.

The people of this country have come to feel that the Financial Statement and Budgetary Proposals is the one occasion when they will know — for sure — the amount of taxes that they will be called upon to pay during the course of a financial year, to finance the goods and services of the country. But experience has shown, over the past six years, Sir, that from time to time — almost imperceptibly — measures have been introduced to raise taxation; additional to the taxation raised under the Budgetary Proposals.

It is my belief that the Minister of Finance will use the device, both of borrowing and additional taxation — in other words, taxation additional to the one imposed yesterday — to finance the deficit to the order of \$156 million.

But the people of this country are over-burdened with taxation. They can take no more taxation, Sir. Already we are celebrated as the most expensive destination in the world, and the honourable Minister of Finance made reference to that yesterday. Are we now to add to that the dubious distinction of also being the most highly taxed people in the world? I suspect though

that there is a link between the most expensive destination and the most highly taxed.

Mr. Speaker, the budget, which the honourable Minister of Finance had the honour to present yesterday, is an inflationary budget. It will lead to increases in the cost of living, principally because of the increases in consumption taxes. Sir, I would like to know, how can those persons who have been laid off, and made unemployed in the Government Service, pay these increases, or any increases at all? How can the Nursing Assistants, the orderlies at the Queen Elizabeth Hospital, who have been thrown into the ranks of the unemployed, pay those additional expenses?

The cutback in personal emoluments at the Queen Elizabeth Hospital is of the order of \$592 287. That, Sir, according to my estimation, represents a reduction in the work force of somewhere involving 100 persons. How can persons in the School Meals Service pay these increases? How can persons laid off from the primary and secondary schools pay these? How can the persons laid off in such a vital service as the Health Service and the Aedes Aegypti Service pay these additional expenses?

The cutback in the personal emoluments of the School Meals Service is \$378 406. The cutback in the primary and secondary school service in the personal emoluments section is \$514 094. The cutback in the Public Health Service and the Aedes Aegypti service, combined, is of the order of \$321 849, representing a substantial number of persons thrown among the ranks of the unemployed.

The budget is silent on any alternative measures proposed for those persons. We only had from the Minister of Finance the pious hope that persons who have been laid off from the Capital Projects Programme will have alternative employment in the Cement Plant, and in the Light and Power Company Plant at Spring Garden.

The honourable Member for St. Michael East says that welfarism has been thrown out of the windows with his introduction. That is possibly why it was taken from him and given to another Minister. But Sir, I am told now that he is still the Minister of Welfare, although I see it under Ministry of Labour. It is tacked on to National Insurance, but I will not get myself confused with that. It is represented in the Estimates, Sir, under the Ministry of Labour and Social Security. I see here under Subhead 7, Head 39 — Ministry of Labour and Social Security and Sport, Grants to Individuals, and then I see in the note beside it "this subhead makes provision for payment of old age pensions." I am not sure if I am reading right, but that is what I am reading.

Mr. SPEAKER: It might be the wrong volume.

Mr. P. M. GREAVES: That might be true, Sir, but this is also headed 1982-83. Mr. Speaker, I would like to know where is the humanity of the Government. I am invited to look at Head 43 and I am invited to look at Head 39.

Sir, those persons who have been retrenched, whom I referred to just now, all have commitments. One person came to me a week or two ago and he poured out his woes to me. That person had recently acquired a house and had obtained a mortgage to pay for that house on the basis that he had a job with the Government. Now, Sir, the job has gone and the house is going too. Sir, that can indeed be very shattering for a man. But Government, in all its problems, has taken the easy way out, and that easy way out is one of retrenchment.

Mr. Speaker, if the services are over-staffed, then those services are inefficient. If the services are not productive, then those services are inefficient. However we look at it, the Government is responsible.

But the Government is not pruning because of any inefficiency. The Government is pruning simply as an expenditure saving measure, because of bad management of the economy. And the finances of the country are in dire trouble. And now, Sir, we are being called upon to support a Resolution complimenting the Government for maintaining employment.

This is the irony of the Resolution, that we are called upon to support a Resolution, introduced by the honourable Minister of Finance yesterday, complimenting the Government on maintaining its high levels of employment, where, at the same time, that same Government is taking measures to retrench people. That, Sir, can only be a lead to the private sector also to follow suit and lay off people.

We have had an increase in the Corporation Tax, we have witnessed measures that will reduce the purchasing power of the workers. And on top of that, Sir, we have had calls for wage restraint!

Now, Sir, businessmen are people that operate on profits, and unless a businessman can maintain his receipts at the level at which he is now getting them, the businessman will lay off the workers. I think that the Minister of Labour should protect most strongly against these measures that will result in the retrenchment of workers.

9.35 p.m.

Already, Sir, businesses, particularly small businesses, are totally on the brink of collapse, by the high interest rates they are called upon to pay to the commercial banks of this country. That is unfortunate. It

is the small businessman that is always in the front line in these matters.

Places, Sir, like Shipping and Trading or like Cave Shepherd, they stand immune, because they are in the good position of being able to take in deposits from individuals, at a rate much cheaper than they would have to pay the commercial banks; so they are in that advantageous position, but the small businessman is not in that position. They can survive and we want them to survive. It is the small business whose flank, Sir, is totally exposed.

And it may not be, Sir, that these businesses that I have just identified might have any superior and management skills. That might not be the reason at all. It is simply that they happen to be in this advantageous position. Anyone, Sir, who is endowed with superior management skills and does not have the money to invest, he, Sir, cannot get very far in this country. So what we need, is a twin resource — one of management skills and the other of money.

It is very fashionable today to sacrifice the workers when things go wrong in the economy. They are the first people to retrench.

There are cries, Sir, for wage restraint. Those of us who happened to live in England in the early 1960s — and I believe the honourable Prime Minister lived in England in the early 1960s — might well recall the wage restraint and guiding light of Prime Minister Harold McMillan.

It was he who heralded, as we heard from the honourable Member for St. Michael South Central, the slogan, "we never had it so good." The appetites of the British people, Sir, were wetted, but then when the country ran into balance of payment problems because of the loose spending patterns of the British people, and production did not keep pace, Prime Minister McMillan introduced what was then known as the pay palls, and he directed what was called the guiding light, that increases should not be granted by the private sector in excess of 4 per cent.

Mr. Speaker, that played an important role in bringing down the Conservative Government in 1964, and the pay palls of wage restraint were abandoned, then, as a total failure. When it was reintroduced, again by another Conservative Prime Minister, Mr. Edward Heath, and he sought in the 1970s to enforce similar policies, that too was his undoing when the miners refused to accept his policies as regards to pay palls.

The fact is, Sir, that wage restraint, pay palls, incomes policies — call it what you will, Sir — that has had a very rough ride wherever it has been introduced.

Workers are forever seeking to improve their living standards and they see wage restraint as tending to control and contain those living standards.

In these days, Sir, prices are rising — and rising fast. And incomes, if they do not keep up with the rising prices, will result in a severe erosion of the living standards of the workers.

Yesterday, Sir, the honourable Minister of Finance spent full twelve minutes dealing with this question of incomes policy and it is amazing that not on a single occasion was anything said in that speech about the prices, by way of containment. Nothing at all, Sir, was said at that time, but in this country, Sir, the problem is one of production. Management is failing the workers, and workers in turn, fail the management.

There is a belief in this country that management is about giving orders. That is not management, Sir. That can be done by any person. Management is about motivating people; management is about direction, management, Sir, is about control. And these same workers who are maligned here in Barbados as being unproductive, when placed in a more organized work environment — like we have, Sir, in the United States of America, like we have in the United Kingdom or Canada — these same workers produce, and they produce well. The problem with management is, indeed, to upgrade management skills in order to cope with the problems of the country.

There are many persons, Sir, in this community who have degrees in Business Administration but those persons are not fully utilised, either by the Government or in the private sector. They are not fully utilised. I would urge the Government to make full use of these trained people, and to train some more; and I would also exhort the private sector to do likewise; and that those who find themselves in employment in this country that their initiatives should not be stifled by petty jealousies. They may not be fully developed but their total development will never take place unless they are given the exposure in a work environment that they so obviously need.

It is only in this way that this country will be able to realise its productive capacity, and all this talk about incomes policy and pay palls, and everything else, might indeed become ineffective.

In this country, Sir, today there is industrial unrest. I cannot call it an upheaval although the spate of cane fires that are taking place all over the country would make one believe so.

Let me make clear the Democratic Labour Party's position on this — we condemn cane fires. We condemn

cane fires totally, even the burning of a single cane blade. All records in Government will show, Sir, that we are not destroyers, we are builders; so we condemn any amount of cane fires in this country. *(Applause)*.

Sir, the workers of this country are suspicious of the managers. In some areas there is a bad worker/employer relationship and in other areas there is a good employer/worker relationship and that, Sir, we find to be as it should be.

9.45 p.m.

Very often workers are called upon to perform work that they ought not to perform. They are called upon to recite pledges in their work place and those workers protest.

I, Sir, believe that the Minister of Labour should...

Mr. SPEAKER: I believe you should try to wind up now.

Mr. P. M. GREAVES: Thank you, Sir, I would do that. I believe that the honourable Minister of Labour should involve himself in these matters. I would refer him to a very good document, the Manifesto of the Democratic Labour Party of 1981, which recommends that he should set minimum wages for persons in industry and other low paying jobs.

Mr. Speaker, I regret that I have not got enough time to deal with matters relating to National Insurance. But I say, Sir, that yesterday's proposals will relieve this country of something of the order of \$30 million. The purchasing power of the workers has been reduced and many of them have been laid off. We on this side cannot support any proposals for the entrenchment and dismissal of workers, and we support the amendment which has been introduced by the honourable Member for St. Michael South Central. *(Applause)*

Mr. A. TRUSS: Mr. Speaker, I rise in support of this resolution introduced by the Rt. Hon. Prime Minister, the Member for St. Thomas.

The Member for St. Michael South Central complained that the Economic Report was not laid in time for Members of this honourable Chamber to study before the introduction of the Budget. I would refer the honourable Member to the 1972 Debates of Parliament, page 1027, where the then Prime Minister, the Rt. Hon. Member for St. John, in reply to the very same query by the present Prime Minister — then the Leader of the Opposition — about the Economic Report, the Rt. Hon. Member for St. Thomas said,

"The rationale advanced inter alia by the honourable Member last week was that Government was not bringing out the survey in time for Members to make an evaluation before the budget was presented."

"Firstly, I should like to say that within the time frame given by the constitution for the presentation of the Estimates, and the date set by the Minister of Finance for delivery of his Financial Statement, it is virtually impossible to present an economic survey based on the performance of the economy during the previous year, because accurate outturn figures and statistics are simply not available within such a time frame."

I believe that the same answer, which the honourable Member for St. John the former Prime Minister gave to the present honourable Member for St. Thomas, is applicable to the honourable Member for St. Michael South Central.

The Member for St. Michael South Central stated that exactly one year ago today, the Prime Minister said you never had it so good. First of all that is not true. The Prime Minister never made that statement, at least not in the Budgetary Proposals on Tuesday March, 31, 1981. I believe it was the Deputy Prime Minister who stated that in a subsequent speech.

There is nothing at all wrong with it; it is quite true. But I would like to draw it to Your Honour's attention, because Mr. Speaker, the honourable Member for St. Michael South Central gives one the impression that this party misled the people in Barbados into believing that things were actually better than they were.

In the Budgetary Proposals and Financial Statement delivered by the Rt. Hon. J. M. G. ADAMS, Prime Minister and Minister of Finance and Planning, on Tuesday, March 31, 1981 in this honourable Chamber, on page 2, I would like to quote what the Prime Minister said.....

Mr. Speaker: What document are you quoting from?

Mr. A. TRUSS: The Financial Statement and Budgetary Proposals which is already a document of this House; March 31, 1981, page 2

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

It goes on to say: "The short term outlook for the world economy therefore remains sombre and as on previous occasions when we have been faced with uncertainty, I feel it necessary to repeat earlier calls for the cooperation and restraint of the Barbadian public

in enabling us to chart our way through these rough waters successfully. In particular, I believe we should heed the words of warning of one of the most illustrious sons of the West Indies, Sir Arthur Lewis, who in a recent address in Jamaica stressed the need for Caribbean countries to become more self-reliant. Self-reliance requires discipline and restraint. It requires increasing savings and restraining consumption. It means producing and consuming more of what we use. Above all, it means not making excessive demands on our productive capacity, and not only living for today, but thinking of tomorrow."

Sir, those were the words of the Prime Minister before the General Election of last year. I find it difficult therefore that the honourable Member for St. Michael South Central would try to give one the impression that he stated that all was rosy. But in addition to that, Sir, in several documents laid out in the form of Press releases, and speeches by the Governor of the Central Bank this was said. On June 16, 1981, in a speech delivered by Dr. Courtney Blackman, Governor of the Central Bank, he predicted that things would not be rosy over the next year. All these documents were published in the Advocate and the Nation newspapers. They were carried on CBC Television and Radio and the Voice of Barbados and Rediffusion.

Mr. SPEAKER: For the benefit of the Hansard Reporter I want you to identify the documents, the date of publication and anything relating thereto.

Mr. A. TRUSS: Certainly, Sir. For the benefit of the Hansard, the speech was delivered by Dr. Courtney Blackman, Governor of the Central Bank to Life Underwriters Association of Barbados at Norman Centre, Bridgetown, on Friday, January 16, 1981.

He said:

"I shall use the forum which you have so graciously provided me this morning to give my economic outlook for 1981. It is not rosy. The world economy is in trouble. The darkest shadow on our economic horizon is the continuing recession in the United States. Record high interest rates with the prime rate peaking last month at 21½%."

On February 26, 1981, Sir, a speech delivered by Dr. Courtney Blackman to the Barbados Hotel Association at the Rockley Resort Hotel, he stated, again: "The current weakness in tourism reflects a conspiracy of external circumstances ranging from the recession in North America and slow economic growth in Europe to the higher air fares brought about by increased fuel costs."

In a review of the first quarter of 1981, a Press release of the Central Bank dated May 21, 1981, also

before the election of June 1981, the Governor of the Central Bank stated:

"As recession in North America and Europe continued the Central Bank tightened credit and raised interest rates at the end of 1980 in an effort to restrict consumer expenditure and dampen inflationary pressures. The first quarter results confirmed these expectations. The level of economic activity in the first three months — (that is of 1981) — fell below that of the first quarter a year ago."

9.55 p.m.

It has been carefully documented, Mr. Speaker, from as early as January, 16, 1981, and right through to General Election that we expected a very difficult 1981, and indeed, a very difficult 1982. So for the Record, it is important, I think, to point out that the people of Barbados were told by Members of this side, by independent people, by journalists, by the Governor of the Central Bank, that things were not at all to rosy.

Sir, the Member for St. Michael South Central in his two hours and forty-five minutes.....

Mr. SPEAKER: The Honourable Member.

Mr. A. TRUSS: The Honourable Member, Sir. I beg your pardon. The Honourable Member for St. Michael South Central in his two hours and forty-five minutes of debate made several charges. I was able, Sir, before he started to speak to predict more or less what he would say. It has been a repeat of the speeches which I have heard him make in here since I came into this august Chamber, Sir.

During last week, in the debate of the Estimates, he raised many of the very same points but he is clever enough to raise them in a slightly different way. He talked about the printing of money, Sir. He accused the Government of mismanagement of capital projects. He accused the Government of bunching the capital projects. He charged that the income tax revenues had actually increased. He talked a lot about high interest rates and he dealt with certain areas of the Budget. He dealt with wages and inflation, and, of course, his favourite subject, the foreign debt.

Mr. Speaker, Sir, I shall attempt to deal, if time permits me, with all of these things. First I would like to say, Mr. Speaker, it is a matter of record that we on this side think differently in terms of capital expenditure to Members on the other side. I have gone to the trouble to add up the total capital expenditure that the Democratic Labour Party spent between 1971 and 1976 and it totalled, Sir, \$160.1 million; and in 1975-76, according to Central Bank Report, construction actually declined by 16.4 percent in real terms.

Now the Barbados Labour Party came into power on September 2, 1976, and between September 2, 1976 and December of last year, Sir — the last financial year — this Government spent in capital \$616 million. They spent in five years \$160.1 million, Sir, we spend \$616 million. And, in addition to that, for this year alone, Government will spend another \$138.4 million. A total of \$754.4 million in capital projects, Sir.

Mr. Speaker, the sum total of all that the Democratic Labour Party spent in projects from 1971 to 1976 did not come to more than what we spent last year alone. Now that is incredible, Mr. Speaker, and that is why the result of high unemployment between 1971 and 1976 was the accepted norm. That is why the high level of employment today is maintained, because we on this side feel that the construction industry is as important to Barbados as the car industry is to North America.

Sir, in 1976 — statistics will bear me out on this — there were 91 000 people employed. We thought last year that there were 125 000 people employed. We have just been told that the latest statistics indicate that 114 000 are employed; 114 500 I believe, Sir. And that, Mr. Speaker, is the basic difference between the two parties in relation to capital expenditure.

The Democratic Labour Party borrowed money, Mr. Speaker, to pay civil servants' salaries. The Democratic Labour Party borrowed money to pay Current Account expenses. We borrow money to build capital projects, to employ people in the long-term. And many of our capital projects in 10, 12, 15 and 20 years, Sir, will repay the amount of money which initially put them into operation. We create employment by building them and we create employment by running them after they are constructed.

Sir, this whole question about printing of money is blown, in my opinion, out of proportion.

Mr. Speaker, money is a medium of exchange, and hence it retains its value to the extent that the supply of money is adequately backed by a corresponding supply of goods and services. Now if one increases the money supply over and above the growth of the economy, obviously one can expect inflationary problems, to which the honourable Member for St. Michael South Central alluded.

But this has not been the case, because where modest increases in the money supply can keep pace with the growth of the economy, there is no real problem in terms of inflation. It is a question of interpretation. It is a question, Sir, of demand and supply.

If you push more money into the market and at the same time there is a fall in the productive sectors

there will be inflation, because you have too much money chasing too few goods and services. Simple economics.

If the reverse is also true, Mr. Speaker, and you do not have enough money chasing the goods and services that are plentiful, the price will go down. This is exactly what is happening in Bridgetown today. This is why when you pick up the newspapers you can see major department stores are having sales, because people have been cautioned by this Government — people have been told to hold back, people have been asked to restrain — consequently, they are not spending as much money on consumer durables. As a result, there are more goods and services than the money to buy. Consequently, the price will go down.

Sir, available evidence from all the documents that I can read — established by the Central Bank — does not in any way indicate that money supply has been excessive, which means there has not been a tremendous amount or an excessive amount of printing of money. The money supply grew by 8.9 per cent over the last two years and the economy grew by 10 per cent last year alone.

The fiscal deficit, Sir, which was experienced in 1981 was met by foreign and domestic borrowing. Mr. Speaker, it is not the first time that a Government of Barbados has had to go to Central Bank to print money. It is not the first time. Printing money simply is, Sir, that when the Government has a cash flow problem, because of seasonality in revenue, they go to Central Bank, the Central Bank prints some money, and then in the meantime the Orion Bank loan was being negotiated, drawn down and it balanced the money which was printed.

To simplify the matter, Mr. Speaker, a man goes to buy a house, he makes the deal to buy the house, he goes to Mortgage Finance Company or a Trust Company, he gets financing for 20 years, it is approved in principle but he cannot get the money as yet. So he goes to a commercial bank for bridging loan financing. The commercial bank lends him the money until such time as the Trust Company gives him the money, then when the Trust Company gives him the money he repays the commercial bank and he has his house.

10.05 p.m.

When you come and accuse the Government of printing money and you use that as an argument in itself, I think it really gives the wrong impression. I am not saying that printing money is not a serious thing — do not misunderstand me — but one has to deal with that in relation to other things.

The record, Mr. Speaker, speaks for itself. Between 1973 and 1976, when the Democratic Labour Party was in power, and the Rt. Hon. Member for St. John was

Prime Minister, one of the major sources from which Government's total deficit was financed was the printing of money. (Dr. R. C. HAYNES: Not true. Absolute nonsense). The Central Bank Report has it, Sir, 1973.

Mr. SPEAKER: Order.

Mr. A. TRUSS: Mr. Speaker, I listened attentively when Members on the other side spoke. At least they can pay me the courtesy of hearing me out.

Mr. SPEAKER: Let us have some order, please!

Mr. A. TRUSS: In 1973, the Democratic Labour Party printed \$5.1 million towards a total deficit of \$20.5 million; in 1974, the Democratic Labour Party printed money to the tune of \$17.3 million towards a total deficit of \$47.7 million; in 1976, before we came into office, the Democratic Labour Party printed money to the tune of \$13.6 million towards a total deficit of \$53.9 million. Sir, 1981 was not the first year the Central Bank printed money to accommodate Government.

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

Mr. SPEAKER: Please.....

Dr. R. C. HAYNES: On a point of order.

Mr. SPEAKER: I will not entertain the honourable Member.

Dr. R. C. HAYNES: Mr. Speaker, on a point of order.

Mr. SPEAKER: Take your seat at once. The honourable Member may continue.

Mr. A. TRUSS: Thank you, Mr. Speaker. Mr. Speaker, I never brought up the issue about printing money, the honourable Member for St. Michael South Central brought it up. I am simply putting the facts to this honourable House. He is behaving as though this Government printed money for the very first time in the history of Barbados, and I am putting the point of view that it is something that is done all over the world, and it is not only done by this Government, it was done by their Government when they were in power. It was done in 1973, 1974 and 1976. (*Applause*) So when the Shadow Minister of Finance is talking he must be careful, because on this side there is a shadow to the Shadow Minister. And this is only the Second XI, Sir, the First XI has to come.

Mr. Speaker, with respect to the argument put forward by the honourable Member for St. Michael South Central about bunching projects, the definition of bunching is when a large number of projects are taken simul-

taneously without reference to proper sequence. That is what it means. This has not been the intention of this Government in terms of our public investment programme.

The Government's Capital Programme has been so geared that when one major project is coming to completion the other major project would now be coming into force. But what has happened is that the delays experienced — let me give you an example, Sir, let us take the new Post Office.

The new Post Office was contracted to start October 10, 1979. It was delayed and it is now likely to be completed December 1982. But as a result of that delay the Heywoods Project ran into the General Post Office Project, so you had the bunching to which the honourable member for St. Michael South Central referred — but it was not because the Government planned it that way.

Circumstances dictate sometimes that the best plans cannot always reach fruition. The best plans as conceived sometimes have to be altered because of shortages in labour, shortages in material, and things of this nature. Sometimes the architect did not identify well enough in terms of sewerage or water or foundation, and all of these things add to the delay.

As a result of the Government's contractual obligations, it was not possible for the Government, seeing that this sort of situation would have happened, to hold back. We knew that the Post Office was delayed, but we could not hold back Heywoods because the Post Office was delayed. We had contractual obligations. The honourable Member for St. Michael South Central is an intelligent man, he understands that. You are committed. (Hon. H. B. St. JOHN: It takes courage to do it). It takes courage, as the honourable Deputy Prime Minister pointed out.

First, Mr. Speaker, I could not believe my ears. The Democratic Labour Party in their Manifesto accused the Barbados Labour Party of stealing their projects, and one of the projects which they said we stole from them was the Heywoods Project. A good project, we stole from them! The honourable Member for St. Michael South Central said tonight it was a waste of money. The point is, it is a good project if they implement it, but the same project, if we implement it, is a bad project.

I have heard the Rt. Hon. Prime Minister ask in an aside from this side, 'Have we done anything right in six years?' Sometimes I wonder whether or not we are spinning our top in mud; but only armed with the satisfaction that only recently, in June last year, the people gave us a mandate to continue for another five

years, I know for a positive fact that the people are with us 100 per cent. (*Applause*).

Sir, the honourable Member for St. Michael South Central referred to high interest rates, again. In the last ten days I have heard it at least a dozen times.

The rationale for removing the large difference between domestic and foreign interest rates is quite simple. You have to provide an incentive in order to attract capital into Barbados through your banking institutions; you have to do that.

You have to attract capital by getting Barbadians to put their money in the bank in savings deposits so that banks can use that money and put it into productive use — lend it to manufacturers, lend it to the tourist sector, lend it to the agricultural sector, lend it to the productive sector.

Those are the facts of international finance with which the honourable Member for St. Michael South Central is well acquainted, Sir, or should be. The rationale, Sir, is done because you must stem the outflow of capital from Barbados.
10.15 p.m.

The honourable Member said that in all he has read he has never come across any document which stated emphatically that money was leaving Barbados.

Mr. Speaker, if a company operating in Barbados has a surplus on Current Account, which they put either in a savings account or just on a term account, and they are getting 4 percent, 5 percent, 6 percent or 7 percent; and if they take the same money and send it to the United States they can get 21.5 percent, if you were in that company, Mr. Speaker, what would you do? Commonsense dictates that you will have to take the money out of Barbados at 7 percent, if you are getting that, and deposit it into an account overseas and get 21.5 percent. That would be your right.

In a document prepared by the same gentleman from the Central Bank, to which the honourable Member for St. Michael South Central referred — I have it here, Sir, — I just have the page, because I took it out in a hurry and I can make it a document of the House — under the caption "The Outlook for 1981" this gentleman wrote:

"Contributory factors to a rapid depletion of reserves at the end of September were an unusual decline in earnings from exporters of goods and services, the sudden acceleration in trade and non-trade payments, and significant unidentified leakages of foreign exchange".

I did not write it, Sir. It is a research document by the Central Bank. It goes on to say:

"There are \$97 million unidentified capital outflows projected for 1981. They may indicate pressure from the differential between domestic and foreign interest rates."

It is not a revelation. It is a simple matter of a person wanting to get a better return on their investment, so they take the money out of Barbados and put it into an account in Europe or North America.

But the rationale is also to reduce the demand for consumer durables, in order to reduce the imports into Barbados, at a time when the entire world is suffering as a result of recession. I do not believe that the honourable Member for St. Michael South Central can be serious.

Mr. SPEAKER: But the Chair is serious, because you have three minutes in which to wind up.

Mr. A. TRUSS: Thank you, Sir. I am sorry that I do not have enough time. Let me leave that off for a moment and deal very quickly with the foreign debt.

The foreign debt of Barbados in terms of percentage of export earnings, the repayment schedule, is approximately 6 percent. The rule of thumb, based on international standards, is that any country whose foreign debt percentage of export earnings is less than 20 percent — anywhere between 15 percent and 20 percent — that country is doing fantastically well.

In Jamaica the external debt ratio is 15.9 percent; Guyana, 16.0 percent; Bolivia, 29.6 percent; Brazil, 61.6 percent; Chile, 39.2 percent; Costa Rica, 23.1 percent; — I am dealing with the debt service ratio — Mexico with all its oil, 64.1 percent; Peru 31.6 percent; even rich Venezuela has a debt service ratio of 9.4 percent of its export earnings. And little Barbados, approximately 6 percent — and all I can hear is that we owe away too much money! I cannot accept that.

Mr. Speaker, when you give an argument you must give the other side of the argument as well. You cannot deal with what we owe by itself; it has to be brought into the full argument. The whole picture has to be painted.

Mr. Speaker, I am sorry I do not have time to deal with wage increases and inflation. In closing just let me say that the cumulative increase in wages from 1976 to 1981 was approximately 90 percent, and the cumulative increase in inflation for the same period was 65 percent.

Now that means that people are better off. We are earning much more money, we are keeping ahead of inflation and I think, when you take into consideration the international recession, when you add up the whole of South America, the whole of Central America, the whole

of the Caribbean — from Jamaica right down to Guyana — the only country that does better than Barbados is Trinidad and Tobago, because of its petro dollars. *(Applause)*.

Mr. SPEAKER: And when you add up all the time, it amounts to thirty minutes.

SUSPENSION OF SITTING

Hon. L. S. CRAIG: Mr. Speaker, this brings us to the end of this evening's proceedings.

I beg to move that this sitting be now suspended until 12 o'clock noon tomorrow, Friday, 2nd April, 1982.

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

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

On Resumption:

Mr. SPEAKER: This sitting is resumed.

Mr. N. K. SIMMONS: Mr. Speaker, I was hoping to respond to some of the comments made by the honourable Member for St. Michael Central, who was the last speaker to comment on the Financial Statement and Budgetary Proposals, which were introduced into the House some two days ago. However, on analysing what he had to say, I came to the conclusion that it was full of conflicting remarks and in many respects very contradictory. Therefore, I believe it would be a waste of time to really pay attention to what he did say.

If we were to look at just two instances; I remember him saying that he did agree with another honourable Member, who last year said that we never had it so good; but then in the same breath he proceeded to say that from a report which he was reading that things did not look too rosy. He said that the honourable Member for St. Michael South Central had said that the Government had bunched the capital projects and this was wrong; but then he proceeded to give reasons and explanations why those projects had to be bunched.

And, therefore, I believe, Mr. Speaker, that in some other forum, because the evidence is so conflicting and so contradictory, we would have had to say that there is no case to answer and therefore dismiss it, and that is precisely what I am doing with the comments made by the honourable Member for St. Michael Central.

However, in making my contribution, Mr. Speaker, I want first of all to suggest that throughout this whole

Financial Statement and Budgetary Proposals we seem to be comparing Barbados with North America and the European countries. I can understand it in some regard because we trade with those countries, but the fact of the matter is that Barbados cannot really be compared with those countries in detail and therefore it is necessary in comparing these countries to really look at where we have fallen down.

Barbados is a very small country. Geographically we are not in the same location. We have no natural resources, our population is different and therefore we cannot, in the true sense of the word, compare it. But if we look at page 3 of the Rt. Hon. Prime Minister's Financial Statement and Budgetary Proposals, we might get the impression that what is being said here in the last paragraph, referring to unemployment, might suggest that we are better off, or equal to, or as well off as, for example, the United Kingdom. It says here in the last paragraph:

"The surge in unemployment rates was perhaps the most striking feature of economic distress in the major economies during 1981. I have already mentioned the numbers. In the United Kingdom, the rate at the end of December was 11.5 per cent".

But I want to state here, Mr. Speaker, that when you look at the United Kingdom, and look at the rate of unemployment, we have also got to consider that the unemployment benefits in England are so high that it does not, on many occasions, encourage people to work. I bring an example to you. A man who is working for £120 a week in England might conceivably get an unemployment benefit of £90 to £100 a week. The question is, would a man spend his time going to work, paying train fare probably to save £5 a week? That is why the unemployment rate in England is so high as compared to Barbados. In Barbados you find that the average earning is \$130 a week compared with England, £130 a week — \$520, if you convert it, against \$130 a week.

But that is not. One is comparing Barbados with England, and I took the trouble to try and investigate some of the prices that exist in England. You will see that from his \$520, the Barbados equivalent, he can purchase possibly a large bottle of coffee for something like \$7.50. In Barbados the same coffee costs \$12.00. Cheese or butter is on par. In other words, you might get half a pound of butter in Barbados for \$1.78 and in the United Kingdom it is the same thing, but we must consider that he is buying that from an amount four times great as we are purchasing it.

I do this because we tend, as I said earlier, to compare Barbados with the United Kingdom in unemployment and the cost of living, not realising that the take home pay is much higher, and the benefits derived from unemployment are also much higher. If we

look further down, Mr. Speaker, Lucozade in England is 65p, which is about \$2.75. In Barbados that same Lucozade is \$6.93, which is nearly two and a half times as much.

So we cannot really compare, and I believe where the financial statement has fallen down is that we have not been given all the facts. It would tend to show that that is the intention of the Right Honourable Prime Minister — but I would not believe that — but at the same time the report might give the wrong impression and it is important that we should point out these facts.

Mr. Speaker, why don't we compare Barbados with a small country like Bermuda? Bermuda is a small country which is 21 square miles with 55,000 people, a higher density of population than Barbados. I must admit one thing and it is that Bermuda does not have Income Tax, but we can still compare it, because Bermuda is basically in the same geographical region. It has no natural resources, Barbados has none. Bermuda has tourism and Barbados has tourism, although Barbados has sugar to rely on as well.

But look at Bermuda and I make this point because we seem to be moving from a system of direct taxation to indirect taxation and if we do that, it seems to me that for the average person to live, then the basic rates must increase considerably.

Look at the rates which people can have in Bermuda. I took pains to try and investigate this, and I repeat that Bermuda has not got income tax. For example, an average mason can earn \$US409 per week; a top mason can earn \$US464 per week, an average of over Bds \$500. A maid in a school can earn approximately \$Bds 560 per week. A policeman in Bermuda starts at \$1,010 per week.

I bring these points also to show that what we are doing at the present moment in Barbados is really widening the gap between the person at the top of the wage earning scale and the person at the bottom. In Bermuda you will see that although a man is an artisan, if he is a professional the wages are nearly equal, and that is important in an economy where you are moving away from the direct taxation to indirect taxation so that every person can live at a reasonable standard. This is important.

Where you have direct taxation, there is a sliding scale, and therefore people can possibly exist; but where you go to indirect taxation, it hits everybody at the same level. When you go to buy, for example, a shirt in a store, and it has tax on it, the person at the store does not ask what your wage is — he asks whether you have got the money.

Now, Mr. Speaker, also dealing with unemployment, I am somewhat disturbed by the percentage given. It says 10 per cent on December 31 last year. I wonder what it is today, April, 2, or what it was on March 31 this year, because we know that a large number of people has been laid off since then. As a matter of fact, when the Rt. Hon. Prime Minister was delivering his Financial Statement and Budgetary Proposals, there were people in the School Meals Department who were receiving notices; there were people in the Civil Service who were receiving notices that their work was terminated; there were people in Parks and Beaches who were receiving their notices that their jobs had been terminated. In some instances there were people who had worked for many years and got one day's notice to the effect that they would be given their holiday pay, and one month in lieu of notice.

12.10 p.m.

Mr. Speaker, why I am interested in this, is because, like everything else, the last on is first off, and the first off will necessarily be the young people. Mr. Speaker, if this happens, and I agree with the honourable Member for St. Michael South Central who said that the situation that we are in today is not only because of the international crisis, but because of the problems which we have created ourselves.

The fact of the matter is that we did as the Honourable Member for St. Michael South has said, we bunched the projects; and because we bunched the projects we found ourselves in balance of payments difficulties. And this in itself created a situation in which the Government needed money, either by borrowing or by taxation, and in any event, so to do would create a contraction in the economy and thereby cause a mass exodus of people from the workforce.

But, Mr. Speaker, this has some severe social problems in that if there is unemployment, especially among the young people, of necessity the crime rate must increase; and in particular the petty crime has increased. This means, Mr. Speaker, that they will also be resorting to some illegalities, immoralities, which are so prevalent — if you walk the streets of this country you can see — and all of us here who are representatives must, at some time or another, be concerned about some of the activities in which our young people have been engaging themselves.

But, what is going to happen when the 3 000 plus children leave the schools this term, or in a couple of months time? If they do not create the correct work habits, one can see that our social problems will be multiplied, even moreso creating a greater hardship on the Police Force — the existing strained Police Force — and the social services as we have at the present moment.

It is absolute pathetic, Mr. Speaker, to see in our courts today youngsters of nine and ten, who come before the Courts for breaking and entering stores and carrying away articles sometimes to the value of \$1,200 and \$1,300. They are doing this because there is nothing at home with which to give them any feed. That is a fact, and the pity about it is that we do not know exactly how to treat them, and these are the problems. Then they sell the articles on the streets, that probably cost \$120, for what you want to give them — \$4, \$5, \$10. These are the facts, and these are the conditions we must look into.

Mr. Speaker, like all Barbadians, I hope that this recession and the evident increase in unemployment will be only temporary, because we are Barbadians and we must put Barbados first. That is one area I wanted to look at.

The other area which concerns me, even moreso, is the imposition of the taxes on the Instant Money Game. I say this because I represent an area in which a number of youngsters play cricket. I would make the boast to say that the highest percentage of people representing Barbados today come from St. James South, four players, that is just by the way.

The Instant Money Game, as I understand it, is one of three of the bigger gambling operations in this country. I am not saying for one moment that it should not be taxed, but I am asking, why only the Instant Money Game at this time? And I believe that in order to explain the situation, it is necessary to look at the Instant Money Game to see what is happening and what has happened over the years.

As I understand it, and my research reveals, that the Instant Money Game started because cricket was in the doldrums. Four or five years ago, we were amazed at the standard to which our cricket had dropped and therefore the authorities took it upon themselves to investigate the problem and see how they could motivate the players, — and they came up with the Instant Money Game. They used their initiative for the benefit of the game.

In the first three months of its operation, December, 1978, they sold 200 000 tickets and made an average profit of between \$17 000 and \$24 000 a month, after having paid expenses. But in order to compete, the Barbados Turf Club, which employs a number of people — just as many as the Instant Money Game — raised their prize money to \$250 000 and they made in the three month period \$800 000.

They used the money for prize money and horses. To whom did the money go? — It is not for me to say. But I only make the point to show that the Instant Money Game has been severely hit and all cricketers, the

thousands of cricketers we have in this country, must cry shame at that decision.

Of course, the Instant Money Game, in its effort to counteract the competition, raised their prizes to \$50 000, and over the last two years, they have made \$55 000 a month. What do they do with the money, one might ask? The Instant Money Game, as we can see, it is there for us to see — Kensington Oval can rank now, since the Instant Money Game, among some of the better facilities throughout the world for playing cricket.

They did not go to the Government, as in so many other countries, and beg for \$30 000, \$50 000 or \$100 000. They used their initiative. But what have they got for using that initiative? A reduction in the revenue used for the benefit of cricket.

They have produced better cricketers and if the argument is that the printing of the cards take out of this country \$175 000 a year, have we considered the amount of money that our players bring back to this country? We have players playing in Australia, England and Holland, and the foreign exchange is much higher than that which goes from the Instant Money.

I know that race horses over the last year carried out \$150 000 in foreign exchange out of this country. They have not returned it as yet; I am not saying that they will not return it, but not as yet.

The Barbados Cricket Association provide the youth teams will all the fees to play in the youth tournaments. Twenty-five thousand dollars, which normally the Barbados Government would be asked to pay — the Barbados Cricket Association has taken over that.

We pay above the rate to our players playing in the Benson & Hedges Tournament and also in the Shell Shield Tournament. We pay higher than the rates recommended by the West Indies Cricket Board of Control because of the fact that the authorities in the Barbados Cricket Association have used their initiative in raising the money.

Over and above that, Mr. Speaker. The Barbados Cricket Association has given to the Clubs in this country in the last season \$30 000, not exclusively to use for cricket. There are clubs which play football, hockey, netball, you name it, and the money can be used for that. And they have given the Government itself a lawn mower the value of \$15 000.

12. 20 p.m.

Now, Mr. Speaker, the cricketers of this country must be asking themselves if they will be able to get some prize money next year when they have put in all their effort. And there is no gainsaying it, cricket is on

the upsurge in Barbados once again, because of the incentives the youngsters are motivated, and this is important. But would other organizations take the initiative to do likewise? I would hesitate to say no, because they are not sure that when they have made the effort, if the effort would be wasted as it is at the present moment.

I am not saying, and I will repeat again, Mr. Speaker, that they should not be taxed. But why haven't we taxed the bandits out of existence? We should tax them out of existence, because it has been proven that they take much more foreign exchange out of this country than any other area has ever taken. And besides most of the games are not owned by Barbadians; at least the Instant Money Game is run by Barbadians, for Barbadians, and employ Barbadians so to do. That is something which should be taken into consideration.

The Barbados Turf Club — I do not want to go too hard on them; because very often people fall into bad terms — but I say this: they had a virtual monopoly on gaming in this country, for as long as I can remember. And if they did not invest their money as wisely as they should have, that is their business. But why penalize an organization which is doing the best for its country?

Mr. Speaker, I would say that it might be possibly better if the Government had reduced the Import Duties on sporting equipment for certain games of this country. That in itself, would have given youngsters a greater incentive to play. Boots, football boots in this country now cost \$120 for a good pair. The youngster who walk onto the cricket field with a bat, pads, mittens, a nice shirt on his back, is carrying about \$600 worth in equipment.

I hope, Mr. Speaker, that other Members of this honourable Chamber are understanding what I am saying, because these are important matters, especially so for our young people, who, at this present time, and because of the economic situation are finding it extremely difficult to get jobs. And if they can go on to the playing fields and play, then I am quite sure they will be spending their time most constructively.

I have no hard feelings about giving the National Stadium money because I know it is in the worse state of disrepair it has ever been in since it came into existence. At the present moment, the bathrooms are not working; the rails are down; when we play football at night, half of the lights are on; and it is very difficult to see where the player is and know what the ball is doing; and these are some of the problems. I know the National Stadium needs money; these things need to be looked at; but why at the expense of cricket?

Mr. Speaker, I want to move to two other brief points quickly. One is in the area of education, which is my responsibility. I would just like to say that in the Mini Budget there were some impositions, which have created difficulties for the parents and none were really put on on this occasion, except that the allowances have been increased. I don't need to spend any more time on that.

The other area which I would like to question is that I noticed Appendix 5(1), possibly the Rt. Hon. Minister of Finance can answer this at some later stage, that under the accommodation of Appendix 5(1) it says that under 'C' "Ward accommodation other than the Intensive Care Unit for persons not eligible for free service, \$20 a day."

It seems to me that what is happening now is that we are now charging for what is called the "open wards", unless you can prove that you cannot pay. It seems so to me from the Appendix, and therefore we would like to know if this is correct. Of course, as the Rt. Hon. Prime Minister said, there are certain things that were amended or changed, and I wonder if this is a typographical error — I hope so, because it seems to me that we are going to pay \$20 a day in the open wards.

As I close, Mr. Speaker, I would just like to remind the Government of one particular thing: That we must realize that the person is important. It seems to me that one of the gravest short comings of this Administration is that we theorize a lot, and do not realize that we are dealing with people. Paper can be destroyed — you can write the greatest thesis; if after ten minutes you are not in agreement with it, you screw it up and put it in the waste paper basket. But with people we are all different and it is important, if we are to succeed in this country, that this Government takes that into consideration.

I thank you, Mr. Speaker. (*Applause*)

Hon. V. L. JOHNSON: Mr. Speaker, the former Prime Minister of Trinidad and Tobago used to be fond of saying that, in a way, it is a blessing in disguise to be deaf; because he was able, whenever people exceeded themselves in the amount of nonsense they talk, to turn off his hearing aid. We on this side, and the overwhelming majority of Barbadians, are not, in this dubious sense, blessed with deafness, and with the ability to turn off at will, whenever people exceed themselves in the amount of nonsense that they talk.

If we were to analyse, carefully, a good deal of what we have heard, coming from that side, we would have to conclude, Sir, that they either think that we are not listening, or we do not have the capacity to analyse what they are saying.

I was not in the Chamber for the past two days, but I spent yesterday in the Members' lounge and I was still able to hear all that was being said. And I heard a familiar speech, which has been repeated in here, time and time again, coming from the honourable Member for St. Michael South Central, who is the principal spokesman, on financial matters, for the Opposition and he is saying — as he always says — that Barbados is in a state of near bankruptcy because it has allowed itself to go wild with a profligate splurge of borrowing. He did not use those precise terms, but that is the sum total of what he was saying — that we borrowed so much money that we are in very real danger of going into bankruptcy.

I believe that if we are not careful to explain to the public of Barbados what the true significance of our borrowings happen to be, that they may well be led to pay credence to what he said.

I think that we need to understand that when a country borrows, and when it is practising sound financial management, its borrowings will be predicated upon its capacity to repay.

Furthermore, we need to explain to all concerned that lending institutions are in the business of lending to make money. And when we are dealing with the Budgetary Proposals, we must recognise that no country, no banking institution, no financial institution, is going to lend the money unless it is relatively satisfied of that country's capacity to repay those borrowings.
12.30 p.m.

The same thing happens in commercial banks. If I were to go to borrow a loan, the bank manager will enquire of my assets, to determine for himself whether or not the lending that he is contemplating will result in either profit for him, or embarrassment, in the sense that he will not be able to recover the money which he has advanced.

Now, Sir, there are two ways in which a country can earn money. I am fond of saying that Governments do not work, but they can raise money at will. The Rt. Hon. Member for St. John used to say, quite openly, that when he needs a million dollars, he raises a million dollars. I am speaking, Sir, of the present Leader of the Opposition. He used to make no small boast that, "I can raise money whenever I need to." And that is a financial minister's prerogative.

But, Sir, prudent financial management would dictate that when a Government contemplates going into debt, it does so fully conscious of the significance of that borrowing upon the citizenry of the country.

Now, Sir, I am going to tell you something which may be startling. The honourable Member in saying that

Barbados is on the brink of bankruptcy may, or may not, be aware, that Sir Freddie Laker, the distinguished airline magnate, owed away more money than the Government of Barbados. One man, Sir, one man owed more money to his banking institutions than the whole Government of Barbados. All of the people of Barbados owe less, significantly less, Sir, than one man owed.

The difference between the Barbados Government and Sir Freddie Laker is that we are borrowing money fully conscious of the fact that there is a limit to which we can reasonably go. But the point that I am putting forward, Sir, is that we are in absolutely no danger, given our present level of borrowings, of being unable to repay those debts.

Sir, all economic and financial manipulations by the Rt. Hon. Minister of Finance are designed with one purpose in mind, and that purpose, Sir, is to improve the lot of all of us who live in this society. We do not borrow just because we are profligate. We borrow money, when it is expedient so to do, with the purpose in mind of improving the living conditions and standards of the people for whom we are responsible. And therefore, Sir, when you are analysing the national debt, you have a duty to examine the purpose to which that debt has been put.

There is a further significant point that needs to be mentioned. There are two components of the national debt. There is a domestic component and there is a foreign component. The domestic component of the national debt simply means that we owe that money to ourselves. It is like borrowing money out of your left pocket to put in your right pocket, and I will come to that in further detail, Sir.

We borrow it from ourselves and, therefore, we are in no danger, because if I owe myself some money, Sir, I do not have to be in any hurry to pay it back. It is my money that I borrowed. And the Government of Barbados borrows money from the National Insurance Board; it borrows money from the citizens of Barbados by National Bonds and therefore, it is our money we are talking about.

And that money, in a real sense, will never come due, in a real sense. It is money that goes on from one generation to the next, because the assets that we leave behind are lasting assets, that all of the citizens yet unborn will be able to enjoy. Our roads will remain forever. Our Social Services, which we have so carefully established over the years, will remain.

I, Sir, point with a great degree of pride to the fact, that in Barbados we are seized with a social conscience of such magnitude, that we are able to recognise that old age pensioners, those persons who have made a lasting contribution to the development of our society, and who are no longer in a position to look after themselves, have nonetheless to be kept, with body and soul together.

I know, Sir, that some people, when they are articulating a position, and calling for certain kinds of restraint and moderation, are articulating an unspoken argument, which, in fact, is: that you neglect your elder citizens. "Do not bother with old age pensioners, let them languish and let them starve."

Now, they would not come into this honourable Chamber and give utterance to those words because those are unpopular words, those are unfeeling words, but the gravamen of their statement is that we neglect those people.

When honourable Members could come into this honourable Chamber, Sir, and say that you are spending too much money on Health Services, they are, in effect, saying, that the people in our society who make the largest claim to our Health Services, the aged and the poor, ought to be neglected and left out.

So they tell us do not bother to build regional clinics because that is a waste of money — leave it out and let us concentrate our efforts at Ladymeade. Forget the people at the Maurice Byer Polyclinic in Speightstown — they do not need to have access to medical services. That is the philosophy of that government. The only difference, Sir, is that I am clarifying it, so that the people of Barbados will be better able to understand the implications of the arguments that they are putting forward.

You do not just come in here and say do not spend money on this, do not borrow money for that. What is the money being used for? Barbados has the most impressive educational plant anywhere in the Caribbean, Sir. Barbados spends more money, per capita, to educate its citizens with the result that we have distinguished citizens amongst us, like the honourable Member for St. Michael South, a distinguished Barbadian scholar, who was the beneficiary of a long-standing educational policy that allowed him to break free from circumstances; that, if it had been kept at that level, would never have allowed him to be a distinguished Member and representative for St. Michael South.

The honourable Member for St. Michael South Central obviously has forgotten that he, too, has been largely the beneficiary of an educational system,

enlightened by years of Barbados Labour Party inputs. His memory is short.

So he comes in here now, like most black, bourgeois people calling on us to kick down the ladder — upon which he, himself, has managed to climb. Kick it down, Sir! Do not bother to spend money on education! Do not bother to spend money on health! Kick down the ladder of social opportunity, and let all of us in here who know, who represent constituents out there, twist our arms in consternation and let them languish in oblivion, because they must not have the opportunity which has enabled all of us to come in here and sit down as representatives of the citizens of Barbados.

Mr. Speaker, Sir, I move on to deal in greater detail with the Social Security policy of this Government. I mentioned at the outset, Sir, that the only significant end to all our financial and economic manoeuvres is social. We raise taxes with one purpose in mind, if we are a responsible Government, and that purpose is to improve the lot of the citizens of Barbados.

I have not heard anybody, yet, compliment the Leader on this side, the Rt. Hon. Minister of Finance, for his ability to address the issues that confront this country now, without imposing undue hardship on the citizenry of Barbados.

I believe, Sir, the greatest talking point in this country at the moment, is that a budget, in the face of international recession, has been so generously sprinkled with restraint and feeling — he did not cut anybody's heart out — there has not been any direct levying on taxes.

12.40 p.m.

There are people in this society, and it is now fashionable — not only in Barbados, it is fashionable around the world — for people to give vent to a level of selfishness, unprecedented in the history of mankind, where we are able to sit in relative affluence, consuming more than we need to consume, while at the same time allowing others less fortunate than we to languish.

I am speaking, Sir, of a Minister of Finance who imposes a levy, through the National Insurance Programme, of 4 per cent — 2 per cent on employees and 2 per cent on employers — for the purpose of meeting the commitment that we have to the aged in Barbados.

Old age pensions have moved from \$28 to \$33 per week, and that is one of many improvements that we have been able to make over the last seven years, during which we have had responsibility for guiding the destiny of this nation.

Old age persons are not able to work, because they have already put in their quota of work and are now resting from their burdens. And we have a Biblical and a scriptural responsibility, a moral responsibility, articulated by the man, who has been most sensitive of all, that is Jesus Christ himself, when he said look after the widows and the fatherless. And I hear people complaining that they have to give up, if they are earning in certain brackets, \$400, \$300 or \$200 — per year — out of their income, to make sure that some aged person out there does not end up on some dump, burnt up because of their lack of home care.

I must compliment the honourable Member for St. Michael East for his Home Help Programme, a programme that has put medically trained personnel into the homes of the aged in Barbados so that we can stop the incidence of people languishing at home in neglect, being burnt up because they do not have the ability to move around in their houses as they ought to. We are sensitive to these things, they touch us at the heart, and we have put people in those houses to look after those people, because this party cares about people.

We have men who will come in here, posturing as economists, telling you that you must practise economy in the area of looking after those persons in our society, who are not capable of looking after themselves.

Social Security, Sir, in this country is my responsibility, and the Government is committed to a Social Security Programme, including old age pension benefits, that will allow all of our citizens a measure of comfort in their retiring years. When we came to power, old age pensions were at a disgraceful level, and we have brought them to a point where people will be able to live, with some measure of dignity, at their age of retirement.

I have heard a great deal spoken in here about gambling. My position on gambling in Barbados is well known. I, being a Christian, do not support gambling in any form, and I have said so on the floor of this House. But I am taken aback by the level of hypocrisy practised by Members, on that side, who sat down in silence, tacitly encouraging the introduction of gambling into Barbados, by allowing one-armed bandits to come in unimpeded, and now they are talking about this heinous crime that the Barbados Labour Party has introduced.

If I had it to do, I would throw all of them into the sea. But that honourable Member for St. Michael South Central, who came in here and said 'I am charging, I am charging, I am charging,' talking about one arm bandits, hidden assets in the Cayman Islands and all this business — I am not sure he included his own assets in those Islands — but he was talking about assets hidden in

the Cayman Islands, and talking about the fact that the Barbados Labour Party is responsible.

The fact of the matter is that we must become conscious of the fact that we have a responsibility and a duty as politicians, and if we do not have the courage, when it is our responsibility, we cannot be seen to be saying in the end 'if I had it to do I would do it,' because you have already neglected your opportunity to do something about the curse which you now identify.

It is not reasonable, and the people of Barbados will not accept your fulminations now, because they can spot hypocrisy a mile off — they can recognise your lack of sincerity, when you come in here and say that the Barbados Labour Party has brought this curse upon this island.

Mr. Speaker, I believe that the people of Barbados will recognise, and indeed have recognised — by their overwhelming expression on June 18 last year — that the Government of Barbados, under the BLP Administration, has been a Government touched with sensitivity and guided by the strictest discipline in the expenditure of public funds, they are sensitive to the fact that this Government practises a level of management that has been heretofore unknown, and they recognise that their destiny is in good hands.

Therefore, I have no doubt, at all, that the people of Barbados will continue to repose in this Government the confidence which has characterised their conduct over the last six years. And indeed, as long as we continue to come level, and to come honestly to the people of Barbados, and tell them when times are good, and, with equal candour, tell them when things are bad, and therefore when we need to exercise discipline and restraint, they will understand that.

There is now a fashionable trend afoot to pander to people's weaknesses, to tell students at Lodge School that they must riot, to tell the people of Barbados that they do not have to worry — they must get higher and higher wages, without being sensitive to the responsibility for increasing production at the same time. That is a formula for bankruptcy, I submit, to tell people that they must continue to call for wages that we cannot afford, without, at the same time, exercise a conscious responsibility of their need to be increasingly productive, so that we will continue to generate the surpluses with which we will be able to pay increases in wages.

Now, Sir, as Minister of Labour, I want it to be clearly understood, I will not be in a position to tolerate sweat house wages in this island.

There is an industrial dispute of some significance now looming in Barbados, and I would like to serve notice on all employers, that they have a responsibility to pay wages that are commensurate with the needs of people in Barbados, and with their capacity to produce. And legislation will shortly be introduced that will deal, in great measure, with some of the inequities that we have already identified.

But we do not want anybody to feel that we are going to sit down and merely acquiesce where people allow lack of discipline, and a lack of restraint, to characterise their behaviour, insofar as labour and industrial relations matters are concerned.

12.50 p.m.

Mr. Speaker, the honourable Member for St. James South spoke of the happy situation in Bermuda, where, as he says, masons earn \$US500 a week. Now, Sir, that is Bds \$1,000 a week. I presume he is telling masons in Barbados that it is reasonable for them to expect that wage. *(Aside)*

I am not charging him with having said that. I said I presume that is the direction in which his argument is going. But the point I am making is that when you are making comparisons between one economy and another, it is necessary to make your extensions across the whole horizon of the social and economic implications and conditions existing at that point in time. I do not believe that any mason in Bermuda earns \$1,000 a week.

Mr. SPEAKER: I believe the honourable Member will wind up his debate in two minutes.

Hon. V. L. JOHNSON: I do not believe that any mason earns \$1,000 a week in Bermuda. I searched the statistics, as diligently as anybody, and I know that the per capita income in Bermuda is essentially the same as it is in Barbados, roughly Bds \$6 000 per person. In Barbados it is approximately \$US3 000 per person. That is a very high level of wage, when you spread it across the economy, in a developing country like Barbados. As a matter of fact, it is so high, that we are beginning to have difficulty convincing people that we are a developing society.

With all that in mind, I would like to suggest to the people of Barbados that they continue to repose their confidence in this Government, firm in the conviction that, as we have done in the last six years, we will continue to exercise a level of discipline and responsibility, and a level and measure of concern, that will allow us to continue in the relative prosperity, which it is now our happy lot to endure *(Applause)*.

Mr. L. A. WEEKES: Mr. Speaker, I have just listened to the last honourable Member, the honourable

Member for St. Michael West Central, and it occurred to me that part of his absence from this country has caused him not to realise that the Democratic Labour Party, as a Government, made a significant contribution to the Health Service of this country — particularly, we were the ones who introduced at that time the multi-purpose clinics which were sensibly called polyclinics. All the areas in which we now have polyclinics, was the grand design of the Democratic Labour Party.

Mr. Speaker, in making my contribution to this debate, I observe from the Financial Statement and Budgetary Proposals, as delivered in this Honourable Chamber by the honourable Minister of Finance, that it failed to recognise the state of confusion and crisis that existed in the proposed new National Health Service. It also failed to indicate any further implementation, in any stages, of that particular plan, and I can only regard that absence as a re-thinking in their concept towards that service, and as a breach of promise to the people of Barbados.

Mr. Speaker, large numbers of these people are very low-income earners, and it is those whom we have been asking to moderate their demands for wages; but at the same time, as indicated in the Budgetary Proposals, to pay more taxes. These very same people are dependent upon a free or generous efficient Health Service, because, in many instances, their type of employment is open to many dangers and many health hazards. And these are people that form the nation, a nation now experiencing severe difficulty in its economy, as evidenced by the massive overall deficit for the coming year, a deficit unknown in the history of any Democratic Labour Party Government. And all of this was when mismanagement was alleged to be widespread throughout that regime.

Mr. Speaker, we now call for productivity. Productivity can be seriously affected in many ways, particularly by absenteeism, and an analysis would tell you, Sir, that one of the reasons most known for absenteeism is usually people who are not in sound health and as a result have to seek quick and medical aid.

Therefore, Sir, it is against this background that I object, very strenuously, to the announcement that one sector of the polyclinics would be closed to the general public in specific areas — Warrens, the Maurice Byer and Black Rock. Interestingly enough, Sir, it does not make adequate provision for those people who are properly served by this service, but they are being asked to return to the hospital or any welfare officer, or worse still, Sir, a private practitioner of their choice.

Mr. Speaker, as I understand it, a budget is not a mere recital of fiscal measures for tax raising, but it is supposed to be a vehicle for improving and implementing policies, by harnessing the human and financial services, in an effort to eliminate certain undesirable conditions. 1.00 p.m.

And it is because of the closure of these clinics, Sir, that one has got to be concerned, because if your human resources are not channeled for the projects as you envisaged, and, in this case, in a deficiency in the polyclinic service, you are going to strike a serious note against primary health care in this country.

Primary health care is very important in the development of any country because you must produce healthy and sturdy people towards the aim of production. And if you do not have the facilities, as we in the Democratic Labour Party had envisaged — the series of multi-purpose clinics, in which it was proposed to have those clinics serviced in many areas — you would have the general practitioner and he would be ably assisted by his paramedical staff, including the nurses, and then a delivery of a Drug Service — these needs must carefully be met — and if, as happened, you are now forced to shift more burden from the functioning of these polyclinics towards the Queen Elizabeth Hospital, we are now repeating and returning to some of the problems which our country has suffered in the past.

We have accepted the fact, Sir, that the hospital would be gradually outgrowing its size — or rather, it would be too small in a period of time to come — and, Sir, that if you continue not to decentralize some of those services, it will certainly bring unpleasantness to those who go there.

Mr. Speaker, the Casualty, in the past, has had a very tough time in coping with many of its problems. There were many schools of thought. One was that you should separate the emergency from the non-emergency cases and you, yourself, Sir, might have been confronted by people in your own constituency who have had to spend extremely long hours, and, in some instances, Sir, they might not get the kind of attention they deserve.

It is sometimes very distressing, Sir, to be told at one time that someone, including the beloved old people we hear so much about today, are now going to be sent back into that situation to rustle among the many who go there. It is a step which I think the country should not encourage.

Therefore, Sir, the polyclinic concept was to remove that burden and that difficulty and, as we conceived it,

Sir, that the services would be of such a standard, Sir, that it would eventually leave the hospital, itself, for much more of the secondary care and the tertiary care. But, Sir, these facilities have been forced to be curtailed and we are now finding it very difficult to cope with what I anticipate could be a very serious problem in the near future.

Mr. Speaker, Sir, it is also desirable to know that the polyclinics alone will not provide the complete primary health care service to its maximum. We must have the back-up services, hence, the Health Centres, such as Enmore and the others. Therefore, Sir, we must not allow those centres to deteriorate very rapidly, before we are able to replace them. Neither, Sir, must we allow vital services to be interrupted.

It is very difficult to understand in a Government department — I cannot equate them with old people, who have no money to pay their bills. But a Government should be in the kind of position to make sure that that facility is well taken care of, and each time that you have a disruption in a vital service like that, it is likely to affect some stages of our primary health care.

There are areas, in that particular institution, where serum must be stored, where tests are taking place; and they must be kept at particular temperatures, Sir, and I have often wondered that we must not approach, or equate, the question of health, as we do with other sectors in our community. We cannot afford for one to spend a whole day in getting proper medical attention and by the carelessness, or even negligence of someone in a Government department, to allow that person to suffer.

Mr. Speaker, Sir, I, too, like the other Members on the Other Side, particularly like the honourable Member for St. James North, if I had the opportunity perhaps, Sir, I would read the Bible with them and I would sit down and eat with them. I would enjoy myself with them because I too feel that they ought not to be pushed in a corner. But how serious can a Government be, Sir, in defence of the aged? And I take up that subject primarily because I believe that it can go out of proportion, and become a sort of political issue. 1.10 p.m.

We, in the Democratic Labour Party need not go back to the years when those old people were receiving sums of money that I would not like to repeat — it is almost degrading to call the sum — but by a series of programmes, ever since the Democratic Labour Party held the reins in this country, we have made every effort to upgrade them. And it was nothing unusual that we came to the point where all of these people were provided with a free — free — Health Service — they did not have to pay one cent.

We also, Sir, made sure that they would have the opportunity to reach wherever we had established those centres. We provided transportation that they could travel at any time during the day, and in my own experience, in most of the institutions themselves, where there are a mixture of ages attending those clinics, it was based on a first come, first served basis. What have you done now, by changing that transportation facility, by asking them to travel in the hot sun from 9.00 a.m. to possibly 3 o'clock in the afternoon? How do you love these old people?

I would have thought, Sir, that any change in the transportation system for these people would have been on the basis that they should have been given a priority in travel, even if the people had to be given back their money, because they had to reach some points where the clinics are a very long way from their homes. We, in the Democratic Labour Party, realize that the earlier they travel the quicker they will get service.

Then, too, how could we so love these old people that you are sitting in your homes and your telephone rings and the person says "Please, Sir, I am in darkness this virtual is old". Their vision is poor. How do you expect them to enjoy the kind of living in darkness? Perhaps, Sir, that may be the stand-point of the Barbados Labour Party for those people.

Mr. Speaker, we hear the thumping and the shouting of \$33 and if you were listening carefully, Sir, to the proposals laid in this House by the honourable Minister of Finance, in his report on prices he said that medicare and personal care, like transportation and all the other areas, increased to 16.4 per cent. If by simple arithmetic you were to make a quick deduction of 16.4 per cent on that \$33, you have given them nothing. *(Applause)* There was no increase. And only to make people believe in numbers, that they have received a great amount — again, I say, you should not do it to those old people.

My reason for saying this is for two very important points, possibly of policy of that Government. You have decided that they cannot go to any of the clinics for what we know they always tend to suffer with — they are usually chronic people with hypertension and heart complaints — but you are telling them if you cannot do this then do that — as if \$33 minus 16.4 per cent could pay any general practitioner in Barbados — you have told them to go to your private practitioner of your choice.

How many of those unfortunate people had ever heard of a doctor until the Democratic Labour Party made it possible for them to get there? In my own profession, I have had to convince people that although they have been able to sustain life without having any

kind of medical examination, that they need not take courage alone to believe that some day they are in need of medical help. And the reply used to be; "Sir, I have not been accustomed to going to a doctor, I did not have to go" — because the services in those days were far beyond the capacity of the earnings of those people.

But, Sir, for what reason I cannot say, the proposals, themselves, as if to make this service more difficult for them, you have decided to put further taxation on pharmacists and doctors. Mr. Speaker, I can only say that that kind of taxation will not in any way increase the cost of medicare, only time will tell. I do not know if it is as a result of the predicament that a Government did not understand how to set up a polyclinic, did not understand that there are certain requirements and that you must have the personnel to deal with it.

I remember one Minister in this discussion said that since there were a shortage of pharmacists in this country, she would be glad or she would be hoping that some of us would close our business doors and come into the service. I do not know if we did not come by that route that you are making preparation for no more pharmacists to be encouraged into business, but to wend into that service.

Mr. Speaker, Sir, that service will always find itself in difficulty. You cannot put the cart before the horse. You cannot set up a system and hope that it would cost the amount you think it will cost. You have been told by the very people who you contracted to give you an analysis of what it would be costing this country and the kind of staff structure that you require. You paid little heed to it, but for political glory you probably felt that since they were many suffering people in Barbados that the Health Service would be a good platform to capture the imagination of the people of this country. And I was led to believe that whether the announcement that you intended to give the people of Barbados a free National Health Service was genuine or not, Sir, I believe that you have now reaped the reality, that you cannot set out to encourage people to believe that you are promising them one thing and giving them another. It is the very same old people who will also suffer as well, because plans envisaged that if you cannot get to a polyclinic, those old people will have to pay not more than \$5; and that depends on how the illness of the particular person when diagnose. If, as it usually happens, there are four or five items to be taken, you can see the cost of the service to those old people
1.20 p.m.

Mr. Speaker, Sir, I mentioned about the Health Service and in so doing I mention the health clinic at Enmore. You cannot fragmentate a service like that. Rather, Sir, than taking the serious step of making sure that your plans for building a complex in that area was

brought to fruition, Sir, you are now lagging behind — that particular institution is falling to pieces — and you are now forced to take some of the workload to Wildey. How will that help? Many of those people, in the light of the fact that many of them have to use public transport, will now have another problem of seeing after their illnesses.

Mr. Speaker, I said that a budget is not only a tax raising exercise. We must harness our human resources, financial resources and bring it to the point where our policies, as approved, can be successful. We have placed on our people a new Drug Service.....(Hon. L. S. CRAIG: Central Bank authority.).....as part of Phase I of your medical service. That particular service will also come to an end on the first of April.

Mr. SPEAKER: And the honourable Member's time will come to an end in one minute.

Mr. L. A. WEEKES: Mr. Speaker, I would have loved to continue to put the case for this side as envisaged in the plan of the Democratic Labour Party in the area of health care. (ASIDE) And since this project is a project of the Barbados Labour Party, I am calling on the Government to use those resources to inject life into its stillborn infant, its stillborn project, the National Health Service, and give the people of Barbados an opportunity to be more productive and enjoy a very healthy standard of living. Thank you. (APPLAUSE)

Hon. L. B. BRATHWAITE: Mr. Speaker, I rise to support the Resolution as moved by the Rt. Hon. Prime Minister — I take it that the mover of the amendment is convinced that it is already rejected. And, Mr. Speaker, in doing so, I want to touch on a number of matters which I thought that we, in a discussion, such as this dealing with the Budgetary Proposals, would not be dealing with today — those little nitty gritty things which normally would have been disposed of in the debate on the Estimates and Appropriation Bill.

However, as it is the attitude of people to seek an opportunity, at all times, to score small points, you given them that indulgence.

But during the course of the limited time at my disposal, I will seek to perish the loaded bladder of lies which have been abroad for some time with respect to the National Health Service, with respect to the employment of, or the laying off of people in the National Health Service in this country. Because, indeed, Mr. Speaker, a flotilla of lies has been cut off from their moorings, and let loose into the ocean of time.

It seems to me as though whenever anything comes before this honourable House, no matter how remote it is from health, that opportunities will be sought to deal

with it. But before I start to deal with that, let me for a brief moment, as I think I should, have a brief look at the international situation, as I see it, and, I believe, as the good deal of people in this country see it.

Barbados is not isolated from events of the world situation. Reading of the situation in the United States of America, an economist said that he does not think anybody would be as rash to say that the situation in the United States today is as it was in 1933, when unemployment was at the point of 25 percent, but it is certainly moving in a direction such as that. Also, it is pointed out that for every week since February 11, bankruptcies in the United States were running at the rate of 438 per week. That we in Barbados are experiencing some of the chilly winds blowing over Europe and North America is not entirely surprising.

Many of us will recall that the state of New York had to take, only two years ago, some very serious measures in order to rectify the situation with its economy there. We will recall, also, that when fires were burning in the State of New York, firemen were being sent home. And those are the problems that not only developing countries have been experiencing over the years, but developed countries as well. America has an unemployment rate at the moment running at over 9 percent. Between Canada and West Germany over three million people are unemployed, and in Great Britain, such a number as well.

The honourable Member for St. James South trotted out some figures here with respect to the type of welfare which the unemployed get in the United Kingdom, and suggested that because of the substantial amounts which they get, in terms of welfare, that the number of people who might be getting, say, £20 more, might consider that they need not work.

I do not know if he is talking about say three years ago, but certainly that is not the position today, because the Thatcher Government has imposed some very serious restrictions with respect to the welfare system.
1.30 p.m.

As a matter of fact, it is difficult for people in the United Kingdom — the poor people I referred to — the sick, the aged and indigent — to keep themselves warm, because many of them have found that they were unable to pay the bills for heating. And the people who have to impose the sanction, by way of cutting the electricity or the fuel off, did not fail to do that, and a number of old people were found dead in their homes in Britain as a result of the very cold weather which passed over Europe.

To say that people will prefer to opt for the welfare system, rather than to work, does not agree with the information which is coming out of Great Britain

today. It is well known that many of the riots which have taken place in Britain have come as a result of the failure of the youths in Britain to get employment especially black youths in Britain. Therefore, to say that when you are giving assistance to the poor in Barbados in the form in which we are giving it, that people are so much better off in Great Britain, does not square with the true position.

It is extremely difficult to live in Britain, even on £200 per month. You cannot live on that, because the train fare, the bus fare, a journey costs one pound. In Barbados the situation is not like that. Gasolene, which we heard so much about today, the equivalent is Bds \$7.50 and the VAT tax which the Thatcher Government has put on is certainly crippling to the people in the United Kingdom. Therefore that argument in my view does not seriously apply to the situation which exists in Barbados.

In a very short time we were able to raise the pension of old age persons from \$13 a week, which we found in 1976, to \$33 today, and this is certainly a tribute to the willingness and the desire and the understanding of the people on this side to see the problems of the aged in our community who have made a very substantial contribution towards the national well-being and national development.

That we in Barbados have never been a grant-aided country is due to the strength of character of our people and the fact that they have never failed to perform. And in making that statement I want to say something; I was expecting to hear the leading spokesman on finance on the Opposition benches dealing with the question of productivity in this country.

No developing country or developed country can continue to be a developed country as such if its citizens fail to produce. The reason why Japan today has forged ahead, and the reason why West Germany has done so well, coming out of the ashes of the last World War, is because the people in West Germany and Japan have worked extremely hard.

The Japanese continue to export their expensive air-conditioned cars — cheaply built mainly, but expensive nevertheless — to the western world, including the Caribbean, in particular. They come out with their boats filled with cars and go back out without a pound of sugar. That is a situation the Government must seriously look at. But they have worked hard, and very hard, and nobody can fault them for working hard. That is what people in the developing countries must do, and politicians must have the political will to tell the folks out there, to tell ourselves, that we have got to work hard.

There is no sense in going on a public platform and telling the people in the country not to cut the canes; to let Mr. X or Mr. Y cut the canes. This leads to all sorts of problems. We have a situation in Barbados where the Opposition will tell you there is serious unemployment, yet when the canes are to be reaped — and they are canes which are vital to the national economy — we have to import labour into this country in order to satisfy the needs of reaping. That is a serious indictment on a community that is very much dependent upon the assets of sugar cane. We cannot afford this.

Whatever comes from the soil must be cherished and preserved. The resources of the earth are God's great gift to the whole human race and should be used with due consideration for the needs of the present and future generations. Therefore, if our soil can produce sugar cane, and it is the best thing it can produce, we should seek at all times to so harness that resource that it will go towards making the country a better place for all generations to come.

Still in the way we have been going on, we have been able to so husband our resources that we have not yet gone into bankruptcy. And I want the Opposition to understand: no panic button pressed by them will convince the people of this country that this side is not capable of running the affairs of this country, as far as the economy is concerned. By their goodwill, the public out there is satisfied that we can, they have agreed that the measures taken in the Budgetary Proposals are measures to correct any difficulties in the financial position of the country.

And therefore, I am appealing to the Opposition, not to join us in any task force, but to join us in goodwill in seeking to let the country understand in an honest and straightforward way that the country is in difficulty, and that we need to have all the forces behind us at this time.

Mr. Speaker, Jamaica has started to do very well under Mr. Seaga — and I hope it will continue after its difficulties to look upward — sharply took a dip within the past few weeks. Jamaica has bauxite, they have a cement plant, they have good agriculture and good land for it. They have copper as well, coffee, sugar like us, and all the lands for the planting of sugar. They have a good tourist trade, next door to the United States of America and given all the assistance by the United States Government in order to pull itself out of its difficulties. Barbados is not so nursed by any country — and they are in difficulties at the moment! I regret it is so, because we do quite a lot of business with the Jamaicans, and I believe that if they have the financial resources and the foreign exchange that Jamaica will purchase the goods we manufacture in Barbados.

Guyana, I am told, is in a minus position of \$400 million. Now, Mr. Speaker, when we look around, Guyana, a place with 83,000 square miles, a population of about 900 000, giving an average of just over 11 people to the square mile, virgin soil — at one stage I thought Guyana would have been the food basket of the whole Caribbean — tremendous potential for development, and Guyana is in trouble.

1.40 p.m.

Should we as a small developing country, of a few square miles, not be happy to think that the Government has been not only trying, but successfully trying, to keep the ship of state afloat?

Now, Mr. Speaker, the Opposition today has been talking a lot about health, a lot about the Government's bunching of projects. If the economy is in a bad way, like if the patient is ill — and when we came in the patient was very ill, it was a question of a blood transfusion for the patient. That blood transfusion could have killed the patient or bring it to life. We decided to so plan and so inject the patient that the patient would come alive. I am happy to say that because of the measures which we took for a sick patient that the patient came to life and became a very vibrant and forceful patient. And therefore we do not have anything to be ashamed of.

That the country is in a state of recession at the moment is due to the problems which the whole world situation is facing, and we cannot be isolated, bearing in mind that we have very limited resources, Mr. Speaker. We could not, if we were entirely cut off from the outside resources, live in this country for more than two months. Therefore the effects of the world situation must, of necessity, influence whatever is happening in this country. And it is unreasonable, it is disgusting, to use no stronger language than that, to say that something is going wrong in the face of what you know, in terms of the fact that all is being done to husband the resources.

Now what do you hear about the bunching of the projects? It is a complete joke. You hear a lot about cost over-runs. I would have to read from my notes as well to put the records clear on the question of cost over-runs, and I am going to speak now for the Sewage Project. I also want to nip in the bud something that has been said during the debate — there is no dismissal or laying off of any of the staff of the Queen Elizabeth Hospital. And I challenge anybody, Mr. Speaker, to get up here and tell me, who are the people laid off and when they were laid off. What I can tell you is the resources in the Ministry of Health are not put to the best advantage. The system has to be rationalised and the fat and the waste must go. This is no time to have riders. This is a time to have people who are going to come in and work

and to assist in the provision of patient care and primary care, which the honourable Member for St. Michael North West likes to talk about.

I compliment the honourable Member for his speech. He is capable of speaking on medical matters and therefore I like to hear him. I like to hear the honourable Member for St. Michael South Central as well. But there is one thing I would like him to do, Mr. Speaker, and it is to sometimes divorce himself from the fact that he is a medical man and to see issues in a different perspective. He is unable to do this, which to me is wrong.

Mr. Speaker, the Sewerage Project was really not an over-run project. The problem with the Sewerage Project is that the consultants' estimates of one of the contracts was less than half of what the lowest bid was.

Also in that is something like \$990 000 which the Government put in for the contractors of one of the contracts as a result of a dispute. The Government made a temporary arrangement which was not binding, in-so-far as the Government can exercise its option to go to court on this matter, in order that this project would continue, and therefore \$990 000 was put in a special fund for that.

The contract came to \$42.5 million, but, Mr. Speaker, what the spokesman on finance did not say — and I do not expect him to say it either — it is not his duty to put the case for this side — I know it is his duty to put honest facts, or it should be — but there is a saving with respect to this contract. We got additional benefits outside of the areas that were designated for the laying of the sewer in Bridgetown.

We were able to install sewers in several alleys and lanes within the city centre which will facilitate sewer connections of buildings to the system, and along Baxters Road, King Street and connecting the new housing estate at St. Cecilia. These were not in. These are additional things brought in. We have also done this at Ladymeade and at Pickwick Gap and lower Fontabelle. These additional sewers represent approximately 20 per cent of the entire system, or three kilometres of sewage pipeline, done at a cost of \$1.6 million within the contractor's tender price. I hope I have heard the last today of any question of cost overrun with respect to the Sewage Project.

The honourable Member for St. Michael South sought to explain the question with himself and this contract. As a matter of fact he very carefully exonerated himself. I do not know if a Cabinet Minister can do this, but he tried to exonerate himself by saying that he had to act upon the Cabinet's instructions and he was not in that Ministry too long.

Now, Mr. Speaker, all of these matters, the LMS, the consultants, all of these were done before we came

in. So if the consultants under-estimated by more than half the cost of one of these projects, it is due to the faulty judgment of the consultants and, by implication, the people who chose the consultants. I do not know who chose them, but they would have to have very faulty judgment.

When we came in, Mr. Speaker, several contracts could not be altered overnight. Sometimes you are too firmly committed. Certain things you try to negotiate. As far as the Sewage Project is concerned we have done all that was possible to renegotiate, but it was too difficult at that point in time. Everything had already been set in motion. The contract was signed in Washington, with all the fanfare, Mr. Speaker, and the styles, by the honourable Member for St. Michael South.
1.50 p.m.

However, Mr. Speaker, if the country is committed to an increase in the water rates, it has phase in the increase in the water rates. You cannot just come and say that you are going to increase water rates by 800 per cent. You have got to phase it in. As a matter of fact, the other side has always done it in large percentage terms because when they increased it at one stage, they increased it by 400 per cent; so probably they might think by their rationale that this Government should do the same thing.

Mr. Speaker, we cannot do it that way. The other side must take it, even though it is unpalatable to take, full responsibility for any increase in the price of water in this country. But I must go on to say, Mr. Speaker, that water is very expensive, nevertheless, to be brought from under the ground, very expensive, but, the Government could have done nothing about the formula which was agreed to, because it was their formula, Mr. Speaker.

Now, Mr. Speaker, we have been hearing all day a lot about the question of the Polyclinics and who will suffer as a result, and the question of their being closed down. Again, not true! I speak as the person who must know and there is no other person who can get around me in handling this situation.

The District Medical Officers are still operating from the points from which they have always operated. They are still in the service of the Government. District Medical Officers are still in the service of the Government and they are not severed up to this point in time that I am speaking, Mr. Speaker, and therefore the old people are being attended by them.

There is another thing, Mr. Speaker. The point was raised here about people going from Enmore to Wildey. Enmore has been in a bad shape for a very long time. If

the previous Government was looking around, and understanding what was going on, they would have tried to ensure that something better was placed there.

Now, Mr. Speaker, on a recent examination of Enmore, I came to the conclusion that Enmore is not suited to caring for people and I took the conscience decision that parts of Enmore should be removed from the main building which, to me, is unsafe, and they should go up to Wildey. And if the necessity arises, I will look for further accommodation for the people who are going there.

It is not so difficult to get from Enmore to Wildey. You hear a lot of talk about how in the past provision was made whereby people could go on a vehicle and get this place and the other place. Now, as far as the old people are concerned, if they are unable to come, there is a service within the hospital compound. All you have to do is to call, and they will get there.

Mr. Speaker, if the people are travelling, and they are travelling at the time you would expect old people to travel, people who are pensioners, they can get on a bus and they can go there without difficulties. So long as they are physically able, they can get there and if they cannot get there for those reasons....

MR. SPEAKER: And I know the Minister will have no difficulty in winding up his debate in one minute's time.

Hon. L. B. BRATHWAITE: Mr. Speaker, I can certainly wind up even before that time but I want to emphasize that there will be no difficulty as far as people are concerned, especially the aged and the infirmed, the very sick, getting to any of the District Hospitals or any place for medical care. This Government is too caring to fail to do that. As far as the Bridgetown Sewerage Project again is concerned — I want to wind up on this note — I want to salute our Project Manager, Mr. Archer, who did a very good job....(Applause)..... and who kept the consultants and the contractors on their toes and who never failed to do his job. He is an extremely conscientious public servant, and I sincerely hope that many people in our society will emulate his approach in the service of their country and the service of their people. (Applause)

MR. SPEAKER: The time....

SUSPENSION OF SITTING

Hon. L. S. CRAIG: Mr. Speaker, I beg to move, Sir, that this sitting be now suspended until 3.00 o'clock today.

MR. SPEAKER: The honourable Minister cannot so move.

Hon. L. S. CRAIG: Sir, I have been advised by the Clerk. It was done yesterday and I sought his advice again today, Sir, — with great respect to Your Honour's ruling.

Mr. SPEAKER: I do not want to appear to be arguing with the honourable Minister.

It is now 2.00 o'clock. This sitting stands suspended until 2.45 p.m. today.
2.00 p.m.

On resumption:

Mr. SPEAKER: This sitting is now resumed.

Mr. L. L. SISNETT: Mr. Speaker, Sir, I welcome this opportunity to make reply to the amendment which is before the honourable Chamber. Over these last few days, Sir, since the honourable Member for St. Thomas delivered the Budgetary Proposals, I sat here making notes of the comments of the various speakers, in particular the comments from Members on the other side. I must say that they have responded true to form. They have virtually said nothing new and, as far as I am concerned, it is old soup warmed over.

We have heard accusations from the leading spokesman from the Opposition about charges of pathetic performance on the part of the Barbados Labour Party Administration. We have heard about disastrous situations facing the Barbados economy. He has said, during the course of his contribution, that there was no analysis at any time during the speech of the honourable Member for St. Thomas on the problems facing Barbadians. And repeated accusations were made, again and again, about the printing of money as the cause of the problems we are facing in Barbados and, particularly, to the run away of the fiscal deficit.

There have been many charges made by the members of that side in many forms, but what I would like to deal with, in the course of my address, are some of the things which that honourable Member for St. Michael South Central referred to in his debate.

He started by saying that after the presentation by the honourable Member for St. Thomas, a visitor to Barbados said to him that he had never heard such a ream of statistics read, one after the other, on international issues and the issues confronting the world to confuse the people of Barbados.

I believe, Sir, that most of the people in Barbados would tend to understand what is happening in the United States, Western Europe and in Canada would have some direct relations to what is happening in

Barbados. The spokesman for the Opposition has said that, despite what is happening in Western Europe and North America, it has no relation at all to what is happening in Barbados. And I contend that he is doing a great disservice to the people of Barbados in wanting to make them believe that Barbados, a very tiny island, could operate in the international economy without being affected by what is happening abroad.

The Prime Minister has said, and we all know as common knowledge, that because of world-wide inflation Barbados economy is going through a trying period. Are we to believe that with a million people, and over, unemployed in Canada, nine and a half million people unemployed in the United States, two million people unemployed in West Germany, and another two million people unemployed in France, that what is happening in those countries would have no direct relation to what is happening in Barbados?

What I find, Mr. Speaker, is missing in the political life of this country today, is frank talk to the people we represent. We assume that the people understand, and we assume that it is not our duty to explain to the people of Barbados the true position of Barbados in relation to the international economic position.

I believe it is a great disservice of the Opposition to want to come to this Chamber and tell Barbadians that no matter what happens in the United States, Western Europe and the rest of the world, that we can survive; that we are an island unto ourselves. It just does not happen this way. We have got, as representatives of the people, to assume the responsibility of explaining and telling the people, in detail, of Barbados' position in relation to what is happening in the world. So far, in my estimation, this is the main failing of the Opposition in supporting the Government, in telling the people the truth behind the economic situation.

We, on the other hand, have been given a lot of advice. Certainly, we have been given advice by every Member on that side, who has spoken so far. The honourable Member for St. Michael South advised this Administration, indeed advised the Government, in the following terms — only if the present Barbados Labour Party Administration would take advice from that side! Very few Barbadians would certainly forget that that same honourable Member, when he formed part of the Government, had no say at all in the administration of the Democratic Labour Party; for we are told in the Commission Report that all roads led to Barrow. Now here it is we are hearing advice, that only if the Barbados Labour Party would simply take advice from the Opposition things would be different, indeed things would be better in Barbados at this time!
2.55 p.m.

I am not an economist, Mr. Speaker, and neither is the chief spokesman for the Democratic Labour Party who replied to the Rt. Hon. Member for St. Thomas, because he, himself, said that he was not an economist. And as such, I do not believe the Barbadian public would want to take him very seriously, in replying to the very well thought out Budgetary Proposals which the Rt. Hon. Prime Minister delivered to this country. He has admitted that he is not an economist; so since he is not an economist, who then is he to advise on economic matters? This would show you the extent of the failings of the Democratic Labour Party in making a sensible reply to the Budgetary Proposals, which were advanced in the light of the world economic situation.

I am no economist either, Mr. Speaker, and I would not want to dwell at large on any economic matter. But can you imagine it? Is it not really amusing to hear the chief spokesman on economic affairs for the Opposition saying, "I am no economist." He is not knowledgeable of economic matters; how can the nation of Barbados seriously take him as the chief spokesman? But, we have seen that what he actually did say was a representation of one of the economists at the University of the West Indies, and he has, more or less, regurgitated what that economist thought was a correct assessment of the economic situation in Barbados.

Mr. Speaker, he said a visitor said to him, "Never before had he heard such a ream of statistics read one after another to confuse the people of Barbados." I would like the honourable Member to just give the honourable House some more information on that visitor. Who that visitor possibly could be? I do not believe any visitor, of any sound standing, taking in light what is happening abroad, would want to be associated with the honourable Member in trying to suggest that what the Leader of the Barbados Labour Party Government has said is misleading to the people. I would simply like to know who that visitor might have been?

And I would like to know, Sir, with the number of cane fires which we are experiencing in our major industry in Barbados, if that visitor perhaps could tell us a little more about the origin of some of these fires.

I cannot believe, Sir, that Barbadians would want to believe that their mainstream of economic activity is being destroyed by fires, by the continuous burning of the only plank that we have in this country to sustain the economy. I cannot believe that the Barbadian people would be so naive as to think that the wanton destruction of the only crop that could sustain the economy should be continually destroyed by fire. If only that visitor, taking into light what is happening abroad — since he knows that the Rt. Hon. Prime Minister's address was not representative of the facts of the international economic order — he could tell us, if only that visitor could shed

some light as to what is really happening in Barbados in relation to cane fires!

I do not believe that Barbadians are involved, Mr. Speaker. I believe that visitors, the visitors who might have been advising the honourable Member for St. Michael South Central, perhaps those visitors might have some hand in the inordinate number of fires which have been plaguing the economy of Barbados.

I want to be very serious on this — Barbadians have been accused of a lot of things, Mr. Speaker. Barbadians have their limitations, but Barbadians will not want to see the total destruction of agriculture in this country. I am representing Barbadians today, because I believe Barbadians have more common sense.

I believe there are visitors, who are opposed to the development of Barbados, generally, that might have a hand in the total destruction of the basic economic fabric of Barbados. And if the chief spokesman for the Democratic Labour Party could only give this side of the House any insight as to who that visitor was, who told him, "Never had he heard such a ream of statistics read, one after the other, to confuse the people of Barbados"; perhaps we could have a clue as to why one plantation could have no fewer than six cane fires in one day.

There is no incentive for reaping burnt canes in Barbados, Mr. Speaker. There is absolutely no incentive for reaping burnt canes in Barbados. So just why would Barbadians want to destroy that fabric that would give them a greater share, weekly, to take home to their people..... I am a little lost when it comes to that.

A lot has been said about arrivals of tourists in Barbados. And whereas I would like to address my attention to the plight of small businesses in Barbados, I feel it is my duty to say publicly what I feel might be the reason behind some of the attacks on visitors to this country.

Just as in the sugar cane industry, Mr. Speaker, I feel very strong that there are people who are envious of the advancement, the sudden rise to economic recovery of conditions in this country, who are jealous of the total Barbadian economy, who are simply jealous of the achievements which we have made in a short time, who are trying to destroy the two main industrial sectors of the Barbados economy.

3.05 p.m.

The second one which I am alluding to is tourism. A casual glance at any one of the two national newspapers will show you the kinds of attacks visitors and the nationals of this country are subjected to, to make it appear that Barbados is not the paradise that we speak of in our tourist promotions abroad. They would want

to say that Barbados is not the haven, and it is perhaps the one place that people should avoid as a destination.

As a Barbadian, I am appalled; and the blood runs thick in my body when I open the papers and see visitors robbed. Some of the headlines read like this: "Visitors Robbed on Bay Street"; "\$6,000 in articles reported stolen"; "Night of Terror at Villa". Barbadians do not react that way, Mr. Speaker, there are other subtle forces at work in this country, in my submission, trying to denigrate, trying to belittle the attempt that is being made by the Barbados Labour Party to push Barbados forward, to bring more visitors here, to get our tourist economy moving.

I am a Barbadian, and I know some of the things Barbadians would do. Barbadians are not totally to blame, there are envious people elsewhere in this region who are out to destroy the two main fabrics of this economy — tourism and agriculture. Without tourism, without agriculture, there is no Barbados, because we have not got the indigenous spaces as other CARICOM countries have to produce crops to find employment for the people in those countries. If tourism goes, Sir, what do we have? If agriculture goes, what do we have?

We do not have, like other neighbouring countries, indigenous woods to provide poles for street lighting. We do not have the base for agricultural produce — there are no citrus products in Barbados, no oranges or grapefruits or nutmegs or any of the other product that would encourage industry here in Barbados. Barbados is unfortunate in this respect, Sir.

We have tourism, we have people, we have perhaps the most friendly people in the world, and that is the main plank of Barbados' tourism, the people. We have got to tap that resource, our people, and when visitors come to this country and can go back and say their holiday in Barbados was worth it, because of the reception they received, because of the helpful attitude of the people in Barbados, that makes a lot of difference as to who will come to this country and will want to remain for a period of time.

But if it is being destroyed through crime, if it is being destroyed through abuse, if it is being destroyed through assault on the visitors, we cannot truly say that our tourism sector is thriving — people are not willing to leave a hostile environment in Europe, the United States, or Canada for that matter, and come to another destination on holiday to meet the same circumstances which they have left at home.

I am contending, therefore, Mr. Speaker, and I am appealing to those people — if it is my people, if it is the Barbadian people to blame — to take stock of what is happening to their country, what is happening in relation to

what is happening elsewhere, and do something about it. Stop harassing, stop molesting, stop assaulting those people who would have been lured into coming here, as visiting the ideal tourist destination, and then experience circumstances which they never anticipated would have happened in the ideal paradise.

The Advocate-News of January 7, 1982, page one, has a headline, "No grudges, says mugged visitor". Despite what has happened we have no grudges against Barbados, we find it the ideal place to come on holiday, but we have no grudges despite what has happened to us. There is still goodwill for this country despite the limitations, despite what little we have to offer.

We do not have any waterfalls like Jamaica, we do not have the attractions of Bermuda or Mexico — our main competitors — or the Bahamas or Puerto Rico. What we have is the common folk of Barbados, who are willing to help — give a little advice, who are willing to help — give a little direction to people who have come from other lands to this country.

And if we have intruders from envious countries coming into Barbados who want to destroy that, I can only suggest that this Government take notice of what is happening, not only to Barbadians, but to the vital industries of tourism and agriculture. The wilful and daily wanton destruction of sugar cane, which is the backbone of the economy of Barbados, fires unheard of every hour, are my people and your people, Mr. Speaker, reduced to this? Destroying the only fabric which we know?

I still have confidence in Barbadians, Sir. I say the origin is not Barbadian. I would like to know that this Government has set the machinery in motion to find out what is really happening with the two vital industries of this country — tourism and agriculture.
3.15 p.m.

Mr. SPEAKER: The honourable Member has two minutes in which to wind up his debate.

Mr. L. L. SISNETT: And, Mr. Speaker, that is a pity, because I really wanted to get into small businesses. That is a topic which is burning in my heart, because the Opposition does not understand the plight of small businesses in this country. Since I became chairman of that committee, I have sat in at some of the meetings and I understand what is happening in the world of small business, in the unique situation of the Caribbean with Barbados being used as a model. I would really like to dwell on this in detail, Mr. Speaker.

What I can say, in summation, is that all that the Opposition has said is only misleading the people of Barbados. They have not come to grips with the real problem.

They have spoken of the printing of money, as if the printing of money is a big issue. They, themselves, were involved in the printing of money, but they want to make Barbadians believe that it is the Barbados Labour Party Administration that is unique in the printing of money.

They want to make it seem as if they have committed an unforgivable sin. In the great United States, during the Civil War, they printed additional money. Brazil, to meet its commitments to its people, printed money. Indonesia printed money; Holland printed money and the great Democratic Labour Party printed money. What is unusual about printing money? From the time of creation Governments in power have been printing money. There is no submission, in my estimation, from the honourable Member for St. Michael South Central to show that the Barbados Labour Party has printed money. We have merely accommodated circumstances. What I think is needed, Mr. Speaker, in summation.....

Mr. SPEAKER: I am afraid I cannot accommodate the honourable Member anymore.

Mr. L. L. SISNETT: I thank you, Mr. Speaker.

Mr. W. O. FRANKLIN: Mr. Speaker, unfortunately at lunch time today our lunchroom was without some of the spices that the honourable Member for St. Michael North East said we could use, because if we had some of the spices, most likely I would be a lot more settled than I am now. But I am hoping that by the time the spices that were brought to the island by the honourable Member for St. Michael North East has settled in my stomach, I would be all right.

Mr. Speaker, before I get into my main topic which I want to deal with today, the topic of housing and its implications, there are one or two observations I would like to make about this budget. I think occasions like these should be taken by all of us in this honourable Chamber to be as factual as we can be, when we make comparisons to be as fair as we can be in our comparisons, and to remember that we have a duty to ourselves and to the people that we represent to present honest representations to them, and the facts as we see them, and whatever recommendations we might have to make.

I want to start with that part of the Budget that I like most of all, and that is the increase of the old age pensions from \$28 to \$33. But there is a sad note in this, and it is that even at the time when we are giving the impression that we love these old people so much and we are bestowing something on them, we find ourselves using these same old people that we are always saying we should love and cherish.

I want to refer particularly to the Budgetary Proposals of the Hon. Minister of Finance, and I would like to read, with your permission, on page 39, where he said, among other things: "It will clearly not be possible to finance the new pensions out of existing National Insurance funds and the working population will therefore be asked to make a further contribution in order to help the less fortunate among us, who by the part they have played in helping to build our nation deserves our consideration in their years of retirement."

The second statement is absolutely true. These people, by their sweat and toil, have built this country, and they have come to the evening of their days and they deserve whatever the country can afford for them. But the people were put out front in order for the Minister of Finance to extract from the people of Barbados a lot more money than he is going to give to these poor old people.

If you assume that there are 18 000 old age pensioners, the increase of \$5 per week for a 52 week year would mean that he would need \$4.68 million to meet this. If you take the complete contribution of \$33 a week being given to these old people, you will find that the Treasury is now faced with a bill of \$30.88 million. And what is very interesting is that if you do a calculation my belief is — and the honourable Member for St. Michael South Central in his primary presentation brought it out — the additional 4 per cent National Insurance is certainly going to bring in no less than \$18 million and possibly \$30 million. Do you know what that means, Mr. Speaker? It means that he has used the pretense of improving the standard of living of these lovely old ladies, who I love more than any of them over there, to completely finance their old age pensions from an additional National Insurance imposition on the people of Barbados.

I have nothing against the theory of sharing the country's wealth with the aged and the sick, because I was given a Christian upbringing, which my mother always taught me, and I always had an affection for the less fortunate. I know where I came from; I have lived with them, and they are a part of me.

But I have found it absolutely distressing, that even when you are appearing to be so magnanimous, that truthfully, hidden somewhere behind those old people, was at least an additional \$15 million in taxation, which you are imposing on the people of Barbados.

My contention is, and he said it was for the old age pensioners, that they should get every single cent raised by that 4 per cent increase. If it is \$9 million, they should have it. If it is \$18 million, they should have it. If it is \$30 million they should have it. It is my contention that they should get all. I do not have to work it out. If

you are telling the people of Barbados that we, who are working, must contribute to the less fortunate; they should get it all and not use them to further put a couple of dollars in the Treasury of this country.

There is one other part in this Budget that I want to make an observation on, and it takes a close observation in Budgets like these to understand the working of the honourable Minister of Finance and Prime Minister of this country. What bothers me sometimes is that I keep getting the feeling that the Minister of Finance of this country is continuing to underestimate the ability of the people of Barbados to see things as they are.

I refer to page 48 of the Financial Statement and Budgetary Proposals by the honourable Prime Minister, and it deals with the fact that he is now charging an additional 20 per cent on people who are bringing in cars directly; but look how he approaches it. "As a further measure to control abuses in vehicular imports....." 3.25 p.m.

Mr. Speaker, for you to bring a vehicle into this country, you need an import licence and it is very obvious that the people issuing the import licences are familiar with the policies of the Government, know the quota restriction they are working to and would only issue a licence if it sticks within the quota.

So if the Honourable Prime Minister, as he is really doing, is seeking to get that 20 per cent that would normally go to the garages to put into the coffers of the Barbados Treasury, he should say so; but he should not give one the impression that the people who are administering the issuing of licences for the importation of cars are abusing that administration and their privileges. He should not do that to the civil servants of Barbados. It is not fair to them because it is known that the Minister in charge of this Department sees to that very faithfully.

I want to leave the Budget at this time and come back closer to it at the end of my presentation. I just wanted to clearly draw those two illustrations.

Mr. Speaker, Housing. The Economic Report that was just circulated, the 1980 Economic Report of Barbados, on Page 36, in the last paragraph, it says that the National Housing Corporation's contribution to the housing stock was 214 houses. In the 1981 Economic Report, at Page 49, on the similar topic, shows that National Housing contribution was 120 houses. In the 1980 Report you will see that the number of houses that were completed was estimated between 1 000 and 1 100, and in the 1981 Report the estimation fell to 967. In the Prime Minister's proposals, at the end of the Budgetary Proposals, when he was doing the summary of

all that went on, the only thing that was said under Housing was that mortgages are being negotiated.

Mr. Speaker, in 1956-1961 in Barbados, we had a situation where there became an awareness of good housing to a country and there started to be some movement in housing. But the main movement in the housing stock in Barbados came between the years 1961 - 1976, and this real movement was associated, Mr. Speaker, with one of the qualities of the Democratic Labour Party, and that was the introduction of free secondary education.

With that introduction, Mr. Speaker, of free secondary education, we saw in Barbados an upward mobility of the people. We saw in Barbados an increased earning capacity of the people, and we saw in Barbados an awareness of better housing. At that time, Mr. Speaker, you had the situation where a boy or a girl who got free secondary education enter into the Civil Service or one of the commercial houses, and having to rub shoulders with people who were better off and having better housing conditions than they were in, became aware that to be socially accepted by the people they needed to improve their housing.

And, for the first time, you got a family unit situation going where the children working in the household, for the first time in these services, pooled their resources with their parents, who were still labouring in the agricultural estates, bent to their backs as they cut the canes, and they started by removing the kitchen in the back and they put on a little wall back, and they gradually worked the wall to the front until they were able to plaster the house and then, later, to paint that house. And you saw a complete evolution in the housing stock of Barbados between 1961 - 1976.

During the later part of that period, you saw an emergence of the lower middle class and the middle class in Barbados, and this lower middle class and middle class moved out from under the wings of their parental homes - they went to Regency Park, Mr. Speaker, they went to Elizabeth Park, they went to the districts of St. Philip - and you saw the beginning of the modern residential subdivision. And that movement towards the improvement of houses went right up to the year 1976, where the following analysis of the housing situation reveals as follows.

In the year 1976 - and I am going to use two particular categories of workers to demonstrate what I am saying - the messenger in the Government Service, whom I will use as the artisan type, his maximum salary was \$5 400 a year. And the National Housing Corporation, realizing their responsibility towards housing, provided for that man, at North Wildey a wooden structure with an enclosed toilet facility, that they sold him for \$12 600. And an analysis showed that that man was able

to purchase that house with 2.33 or 2 1/3 years gross salary of his earnings.

The Administrative Assistant, who I will use as the middle rank in the Civil Service, and who I categorize as the low middle income type that was developed by the Democratic Labour Party, at that time earned \$11 724 as a maximum salary. And the National Housing Corporation, once again realizing their responsibility, built that man a house at Oxnards, St. James three bedrooms, that he could have bought for \$36 000, 3.07 years of his gross salary.

We had stabilized, Mr. Speaker, the housing situation at that time. We had got to the stage where the younger people, who were making better salaries, were beginning to branch out on their own earlier and getting their houses and improving their houses.

The people of Barbados decided in that year that the Democratic Labour Party had served them faithfully and had deserved a rest and they wanted to try the people on the other side, whom they said were the Great Combination — young, brilliant — and they voted the Barbados Labour Party into power. What has happened since then?

From 1976 — 1982, my analysis shows that the messenger is now getting \$9 144 a year, that he goes to Wotton and he buys a similar house for \$22 000, 2.41 years gross salary. He has slipped in that particular area, and I will prove to you later that he has slid even further. But the middle class is being totally destroyed, because the Administrative Assistant salary went to \$18 234 and that man now must go to West Terrace and purchase a comparable house at Oxnards for \$103 000 — I have taken the minimum — or 5.56 years his gross salary. He has now lost 2.58 years of his gross salary. It is now taking him almost twice as much, in the year 1982, to be housed in a comparable position as his fellow in 1976. Now, this year!

The messenger's salary increased by 133 per cent, but his housing increased by 140.6. The Administrative Assistant salary increased by 55.4 percent but his housing increased by 186.1 per cent. And you know what has happened? — that is not all — his mortgage interest rate has gone up from 9 per cent to 12 per cent. His minimum water rates have gone up from \$6 to \$30 a quarter. His electricity rate has gone up. His Property Tax has gone up. His National Insurance contribution, including his Health Levy and his Transport Levy, has gone up. Bottled gas he cooks with has gone up. He now must pay a sewer cost, if he is attached to a sewer. Even if he is not attached to a sewer and he has a septic tank, he must pay a sewer cost, because when he is emptying his septic tank there is now \$30 a load for treatment and that certainly will be passed on, and it will continue.

The present Budget, just announced, has carried up diesel, which would mean that the transport involved in construction will go up. They have just, in that as well, increased the licence fees on lorries, and my information is that the truckers have already calculated that the increased imposition will cost .70 cents per cubic metre more per trip.

We have systematically destroyed the middle income class and lower middle income that was built. And I rightly agree that the man at the bottom end has all right to strive to move up to better housing, but the reverse is happening instead of the messenger moving up to the concrete type houses, the Administrative Assistant is moving down to the wooden type houses.

This is not so well understood by the people of Barbados because there are two changing conditions in the country. One, luckily, is that they are able to get 90 per cent mortgages now, so that they only have to put in a 10 per cent equity. The second was, until recently, that most of the wives were able to get employment, to join with their husbands in off-setting this contribution.

But this introduces a very dangerous trend, because you have the situation where it is almost compulsory for the husband and the wife to be working to enable them to keep the same type of house that they were accustomed to.

I am saying that the time is ripe for this Administration to arrest the slide in the position of housing for the people. And I am saying that the time is ripe for us to have a look at some of the recommendations, which I shall give.
3.35 p.m.

I would like to recommend to the Minister of Housing, because I know he has his heart in the right place, that in order to arrest this problem in the housing stock in Barbados he needs to recommend the appropriate action to the Minister of Finance: (1) You need to remove the Consumption Tax on building materials for the low middle income and working class housing. (2) You need to consider a situation where a man enters into a mortgage, he is given a fixed mortgage rate; because when you are computing your ability to service a mortgage, you take your present salary into consideration and also your future salaries. And if you decide that you can afford \$400 a month it is a big shock if the rate in that mortgage have moved overnight and you would find yourself with an additional payment of \$150 or more, because it interferes with your disposable interest. (3) You need to have a very serious look at the control of the building materials in this country. You need to have a serious look at the local component.

And contrary to what they say over there, in lower middle class housing and working class housing an analysis would show you that only about 28 per cent of every dollar goes out of Barbados for foreign exchange. The present breakdown shows that on a lower middle income or working class house between labour and local component is responsible for the 60 per cent of the cost of the house and the 40 per cent that goes toward the overseas component includes the profit margin of the importers. Assuming that the profit margin is 30 per cent, you find that you come to the analysis that only 28 per cent goes out of your housing dollar for lower middle and working class housing. As you go up the ladder where your finishes are more elaborate, it gets higher — but I am talking about lower middle and working class houses.

So it is obvious that if you are so zealous of your foreign exchange position that housing in the lower income, which is a generator of employment, is no destroyer of foreign exchange, no more than anything else. Food is a bigger destroyer, cars, a bigger destroyer; and mostly your hotel industry is importations. It is good economics to consider basing your recovery programme on a housing reconstruction programme because in that area only 28 per cent of every dollar will leave your country.

On this point it is my belief, and I feel very strongly about it, that in St. Andrew where we are forced to buy sand — it is a natural deposit and it should be treated as a local resource, and the people who own that should not be allowed to charge whatever they like for the sand and thereby push the cost of housing up. It should be controlled and I make no apology for saying that. They have not in any way contributed towards that increase of wealth to that particular portion of allowance, and they should not be made to exploit the people of Barbados because it is the only place to get sand. If you go down to that sand heap, you will see a traxcavator and a man taking the money — that is all. And they are charging all kinds of money for the sand!

I am saying that some of the local components need to be examined carefully for quality. There is a local window that you pay a lot of money for which is not worth the paper you write your cheque on. I am calling on the Barbados National Standards Institute to have a look at that as well. If we are to encourage local construction it must be of a good quality.

I am asking the Minister to go back and encourage the days of self help housing, where the people can get together again with their families on Sundays, providing the component to help to get the housing stock in Barbados rolling again.

I am calling on the Minister to have a look and introduce new technology in housing and construction.

There is a lot of new technology around the place and it is not fair for Government to expect private entrepreneurs to introduce it considering that there may not be that amount of housing that they can manage themselves, in the present economic conditions, to incur the cost of the capital outlay.

I am saying that you should ask your people at the Barbados Mortgage Finance Corporation to have a look at the graduating mortgage scheme whereby a man's entitlement to a mortgage will be a lot higher at the stage at which he enters, and which his salary will permit, because it is a natural thing that a man's salary will go up.

I know that, at present, under the Public Officers' housing arrangements, you are entitled to three times your maximum salary in your scale. But I am saying that on the outside, it can be calculated that there is an average increase in salary over a particular time, and young couples should be able to have a mortgage, which the present conditions will not allow them to undertake, because as they salaries increase, they would be able to offer a bigger repayment.

What I am saying, in summary, is that although there is that apparent outlook out there, that all is well in the middle class housing; it is not true. What has happened is that the middle class have decided, quite rightly, and they are putting out, in some cases, up to 75 per cent of their disposable income to service a mortgage; that is a fact of life. Some of them have good housing standards, but poor living standards.

I am saying that you do not improve the situation — you do not equalize in a country by pulling down; you pull up. And the messenger should move up to the wall house; don't pull down the Administrative Assistant to the wooden house, because it is unproductive to go into wood.

If you would do an analysis you would find that at the present rate it cost about \$22 per square yard to put up a wall, which has at least a useful constructive life of thirty five years, and, by comparison, wood would cost at least \$22. But the difference is that the moment that the people are given wall structure they want a lot better finishes. We need to educate our people that in times they may have to hold strain. I am recommending the introduction of shell houses to the Ministry because this would also help in the self-help institution of housing in Barbados.

I am saying that we, everyone of us in Barbados, when we change our Government, we change our Government because we believe that it could do better than the other did before. There is no sense harping back on what has gone on before and saying that we did better

than you, because that is what the people expect, of you — if they did not expect that of you, we would still be in power and you would only be meeting your obligation if you do better. So don't harp back on what has happened before.

3.45 p.m.

And I am saying, in summary, that if there is one thing that obeys the law of gravity, it is taxation — it always goes down to the bottom, it never stops to the top. And if you look at some of the impositions in the Prime Minister's Budgetary Proposals, it is nonsense to say that it is not going to affect the man in the street.

An imposition of a surcharge on corporate profits certainly is going to be passed on to the people in the street. National Insurance contributions will certainly affect them. The man in the street takes solace in liquor and cigarettes, so that is certainly going to affect him.

Mr. SPEAKER: And he has only one minute.

Mr. W. O. FRANKLIN: Thank you, Mr. Speaker. The tax on gasoline must certainly affect transport to the man in the street. The Consumption Tax on motor vehicles must certainly affect him.

And the diesel imposition is on one that really makes me smile, because the Rt. Hon. Minister of Finance had encouraged the taxi drivers to move over to diesel; and now that they have moved over to diesel, he is equalising the price of diesel on them, and that is going to cause an increase in taxi fares. It is going to cause an increase in transportation and housing must go up.

Mr. Speaker, I would say that what goes up must come down and, unfortunately, it is coming down on the people of Barbados at the lower end.

Mr. SPEAKER: And you will now sit.

Mr. W. O. FRANKLIN: I am sorry. Thank you very much, Mr. Speaker. (APPLAUSE)

Hon. DeL. O. BRADSHAW: Mr. Speaker, I listened quite attentively to the honourable Member for St. Philip North and I must admit that he did make a very interesting speech.

I have contended, and will continue to contend, that the area of housing is not and should not be subjected to narrow, political or partisan bias. We need to tackle housing and its problems with a view to not only upgrading the present housing stock, but also to bring a measure of relief to Barbadian potential house owners.

One of the priorities of every Government is to house as many people as possible. I want to be on record

as saying that no Government in this country will be able to satisfy the entire needs of Barbadian potential house owners. But what I would also wish to say is that a Government, mindful of its responsibilities and its commitment to housing the people of this country, must explore every possible avenue in order to make house ownership possible to as many people as possible.

The Barbados Labour Party Government has got a significantly proud record. While I am not prepared to criticise the past Administration of the Democratic Labour Party, I wish to say that we stand tall — our record speaks and it is, by far, a better record than that which the Democratic Labour Party has. I do not want to take a step backward in rehashing or trying to bring up some of the past problems and impediments which were inflicted on housing. I think that there are more progressive policies and certainly this Administration has set about to initiate and to implement a more progressive policy as far as housing is concerned.

The latest statistical data, Mr. Speaker, reveal that Barbados' housing need will be a requirement of some 1 700 houses per year and it is considered impossible to be able to build 1 700 houses per year, on the initiatives of the Government itself. But certainly, this Government, realising this impossible task, has decided to implement a number of policies whereby the private sector will be involved, will be given certain incentives with a view to help correct and meet this demand as far as possible. So one must understand that it does not make sense, it is rather baseless for one to assume or to feel that Government is and should be the sole supplier, or it should have the sole responsibility of providing all the houses needed for Barbadians.

This Government, as a matter of policy, has already gone on record, calling on the private developers and those who are interested in helping to satisfy the nation's need in housing to indicate that interest. And to that end, Mr. Speaker, the Government has already said that it will provide land on which the private developers will be able to build those houses.

I want, on this occasion, to extend my plea once again to those developers, because I understand that one of the drawbacks and one of the problems confronting those developers in that there is a scarcity, or they are unable to obtain land on which to erect these houses.

But Government, as a policy, has decided that wherever Government has land — and we have been trying to achieve what is known as a land bank — Government will put land at the disposal of all private developers, those who are competent and have proven that they are worthy developers, so that they will be able to help in the building of houses.

We, as a Government, are very proud of our record. We have also gone on record as saying that we will provide sites and services wherever possible. We, as a party, have already demonstrated that we put our money where our mouth is. In Parish Land, Christ Church, we have already put the infrastructural services — water, electricity, and roads — and there are tenants living in Parish Land who are the beneficiaries of such a sites and services programme.

In a few weeks' time, Mr. Speaker, the people living in Parish Land, St. George will also see the commencement of a similar programme, whereby the Ministry of Communications and Works will be putting in roads, and the Water Authority will be putting in the water, with a view to providing improved lots in those areas.

We have gone a bit further in this area, Mr. Speaker. We have made it possible to put land at the disposal of many potential home builders and we will be speeding up this process and this policy. So the question that was raised by the honourable Member for St. Philip North — that is, of the assistance to people helping to develop themselves, and to build and to participate in the actual building of their own houses — will become a reality.

We understand that the whole question of self help is something that must and should be encouraged. There was a time when people in Barbados used to do this. The whole village atmosphere and spirit — that is missing, Mr. Speaker. And I would like to appeal to all Barbadian potential house owners to realise that the answer in reducing the very cost of housing would lie in the fact that they must make some input, a direct input in the actual construction of their own homes.

3.55 p.m.

We cannot expect in this time, and this day and age, when countries like Barbados find it difficult to attract foreign loans in order to build houses, to have a system or a continuing policy where people, by and large, depend on developers to construct their homes. I have said before that one of the main reasons why housing has become so expensive is due to the fact that when the houses are built by the developer, the developer must have an up-front profit. And if people are encouraged to put their labour, or to contribute to the building of their own houses, then that up-front profit, which goes to the developer, will be saved.

There is no doubt in Barbadians' minds now that this Government has advocated the question of looking for new technology, new systems. As Minister charged with this responsibility, I have already met with a number of persons who have informed the Government that they have new building techniques and cheaper systems for building. But, Mr. Speaker, it must be made clear that some of these people will only bring into Barbados these

new systems and this new technology if the Government gives them an undertaking to purchase these houses. I want to say that Government is not prepared to give them an undertaking to buy any five or a thousand houses a year. We are giving them the necessary incentives so that they can come in, put down their factory and build for the potential home buyers in this country. That is the difference, and I am sure that that is a very reasonable policy which is pursued by this Government.

As far as private developers in Barbados are concerned, I have met with a number of them, and one particular developer, with whom I am particularly impressed, has told me that he will be able to construct a two bedroom house within the vicinity of \$49 000. This developer is an experienced developer, a proven developer, and I am sure that he is well known for the sort of work which he has done in house building.

Immediately after the Budget, Mr. Speaker, I will be addressing myself to this question. I will be pursuing the follow-up talks and discussions with these developers, and with those persons who have the new technology and the new systems, with a view to implementing them. And I want to give this House the assurance that everything will be done to see that the cost of house building is reduced.

I myself am concerned. I know, time and time again, people talk about Government not being interested in the lower income housing. This is not true, Mr. Speaker. I am on record as saying that the Government's thrust and effort within the immediate future will be in the area of lower income housing. I have also gone on record as identifying what is my concept of the lower income house.

I also know, Mr. Speaker, that there are a number of persons who work for a salary of somewhere between \$1 000 and \$1 500 and I know that because of the cost of housing they are unable to purchase these houses, because their salary will disqualify them from obtaining a mortgage as it presently stands. Knowing this situation, the Ministry of Housing will be looking into this area with a view to producing a house within the price range of, let us say, \$40 000 to \$60 000, so that that income earner will now be able to own and purchase a home.

We understand the problem, and I want all Barbadians to understand that it is not fair for people to take an isolated case like West Terrace, where the houses are over \$100 000, and feel that the Government is unmindful of their plight, and unmindful of their needs in providing housing at the lower income level.

Mr. Speaker, I would like to say this, because it is useful for the Minister to go on record as explaining what really transpired at West Terrace. In order to put in

the infrastructural services, the cost to put down the West Terrace houses was somewhere in excess of \$10 million. That is the reason why the houses had to cost somewhere in excess of \$100 000, because when one calculates that over \$10 million is put into a project and you have 100 houses, it is reasonable, if one's mathematics is correct, that the houses will come out around \$100 000. I do not want anyone to misunderstand why Government had to price the houses at \$100 000, because it took over \$10 million to build them. The contractors alone were \$7.3 million, to put in the roads was over \$1.5 million, to put in electricity, water and gas, was another \$1.5 million.

Mr. Speaker, I have said this so that I could put the record straight. But what is significant about West Terrace is that Government was experimenting, in the sense that with the limited land area in this country the Government decided to put up two types of houses, so that we would be able to maximise the use of the scarce commodity of land. It was recommended by the Planning and Priorities Committee, in order to see how best we could utilise this scarce commodity, that we would put up what is known as link houses, so the whole concept of West Terrace came into being. People must understand the rationale behind the West Terrace project and not seek to impress on the people that the Government deliberately set about to create a housing development that would be outside the reach of the ordinary person.

Let me say this, Mr. Speaker, there are other developers in Barbados, just outside Warrens, that are building houses for \$135 000, and I will say that they are not as attractive as the ones in West Terrace. The houses at West Terrace, at the present price, are still cheaper than what are offered by the other developers, so that must be put on record.

I will say this; Government has set about and has endorsed a policy to provide lower income houses, and the National Housing Corporation, which is Government's agency for effecting such a programme, has been told and directed by me that they will not be expected to come up with any proposals or recommendations for any house being in excess of the \$60 000. I do not want to look at it except in exceptional circumstances. That does not mean that we will not be providing for persons in the upper category, but we are going to make sure that the lower income persons are well taken care of. Let me say this: The Government has got to cater for every social stratum in this society, and that is why we are still pursuing the question of terrace houses, because not everyone in this country will ever be able to own a house — although Government policy is to make sure they do.
4.05 p.m.

I want the Opposition to understand that this Government has a very proud record and people need not be afraid of what our policy is, and what our attitude is,

and how we think about them. This Government was bold enough to come in this Chamber and introduce one of the most revolutionary pieces of legislation called the Tenancies Freehold Purchase Act. I would like to spend a little time on this, Mr. Speaker, because the Opposition has a very bad track record and they should not get up in here at any time and talk about house ownership and the plight of the small people in this community.

When we brought this revolutionary piece of legislation in this Chamber the Opposition refused to give it their support, and the purpose of that legislation, Mr. Speaker, was to give the people who slaved, sweated and toiled on the plantations, for years, an opportunity to own that piece of land. It was the only thing that these persons could hope to achieve, having sweated and toiled on the plantations, and that side over there, the Opposition, refused to give it their support. Now the public of Barbados can judge, and there is no doubt when they are wondering and looking for reasons why the public rejected them on June 18, 1981, that the answer is there. They were weighed in the balance and found wanting.

Mr. Speaker, we are trying to uplift the people of Barbados, and we have another view. There was a time when if your father or mother did not own property, or did not have house papers to produce, you were looked upon as a second class citizen in this country. We have tried our best, and we will continue to advance this programme whereby the people who live on the plantation tenancies will be able to purchase their lots and hold their papers, so that they can go to any commercial bank or any financial institution and say "this is my plot and sale, I want to solicit a loan."

Mr. Speaker, we also want to give them an opportunity to erect water-borne facilities, to put up wall structures, rather than having to put up timber houses, non-permanent structures, because we realise that a lot of money is spent and wasted in the repairs of timber houses.

We need systems to make sure that the BNSI look at the quality of the timber because lots of money are spent in the repairs of these timber houses and some of the material is not termite treated. I will shortly be asking Cabinet to consider that no lumber is brought into this country unless it is termite treated, because we understand the danger.

And the people to suffer are the people in the lower income because they cannot afford to put up permanent structures since they are on rented land, and as a result they have got to opt for timber houses.

Mr. Speaker, we must understand what are the programmes of this present Administration. We want to pursue a policy whereby all Barbadians will be able to erect

permanent structures and to that end we thought that the Cement Plant would go a long way in achieving this objective. When the Cement Plant comes into full operation, we will now have that component that is so necessary, we will not be subjected, I hope, to the chronic shortages which presently prevail and the constant rise in cement prices. We will now have a plant, and with a mix of the sand which we have here, a natural resource here in Barbados, we will be able to make our own bricks without resorting to overseas money and overseas importation of cement.

So you can see that this is a Government that is thinking progressively. Mr. Speaker, we feel that Barbadians should be able to benefit from the programmes which we have already enunciated in our manifesto.

On the question of mortgage, I heard all this talk coming from the honourable Member for St. Michael South Central about mortgage rates being up. Let me say this, Mr. Speaker, — the honourable Member should have reminded this honourable Chamber that in Canada the mortgage rates are as high as 25 per cent. And what is going on now in Canada is that people cannot even get mortgages to pay for their houses. People are fleeing from their homes in Canada because they are unable to pay the mortgages.

I heard the honourable Member for St. Michael North talk about some man who says that he cannot get a mortgage for his house or something like that, and that he cannot realise his dream. Let me say this: in Canada, which is a country that had a very sound economy, people are running from their houses, they can't get mortgages, and the mortgage rates are as high as 25 per cent. In Barbados, we know that 12 per cent is the mortgage rate, and I will say that the mortgage rate is very reasonable when compared with some of the more developed countries.

Mr. Speaker, I would like to say that we realise that there has been some shortage in mortgage financing, but the Barbados Mortgage Finance Company should not be made to carry the full load or responsibility of disbursing mortgages. I am appealing to the insurance companies and some of the Trust Companies of the commercial banks to make mortgages available to Barbadians so that they can build houses as well. They owe it to themselves and to this country to invest in this area.

I need not repeat on this occasion the incentives that the Rt. Hon. Prime Minister and Minister of Finance made mention of in last year's budget. Suffice to say, Mr. Speaker, that this Government has got a proud record and we are prepared to meet our housing needs. We will be building additional terrace houses and we have not

stopped our terrace houses programme for the people who depend on the National Housing programme for the rental of houses.

Mr. SPEAKER: And you must stop the debate in three minutes' time.

Hon. DeL. O. BRADSHAW: Thank you, Mr. Speaker. What I would like the honourable Member for St. Michael South to know is that we are continuing the project at St. Cecilia, we are continuing the project at Bonnetts, we are continuing the project at the Ivy, we are continuing the project at Lammings, we are continuing the project at Maynards in St. Peter. Mr. Speaker, I will say that at the moment the National Housing Corporation has got over 335 houses under construction, and we have just started this financial year.

Mr. Speaker, I must say that the honourable Member has made some very valid points, but they are not new to me. What will be left to be seen is that what he has suggested, his recommendations, will be taken heed of and put into practice. I give my assurance to this honourable Chamber and to Barbadians at large that their housing needs and their plight are well considered by this Government and that everything will be done as long as the Barbados Labour Party is in power to satisfy their needs. I thank you, Mr. Speaker. *(Applause)*

Mr. M. A. KING: Mr. Speaker, if I analysed the Government's Financial Statement and Budgetary Proposals accurately and come to some determination of what their fiscal and economic policy is, it seems to me that it is based on a sub-stratum of a philosophy of indirect taxation, of a philosophy that relies heavily on the private sector to stimulate the economic stability, economic growth and private employment, and it seems to me that it is structured on a philosophy of wage restraint.

4.15 p.m.

Now as a contravening measure, we find that there are limited tax incentives which have been offered, we find that there have been some incentives — doubtful though they may be — to industry, particularly to the agricultural sector, and we find that in those contravening measures there are provisions for increase in the pensions for the aged.

The Minister of Finance, the Rt. Hon. Member for St. Thomas congratulates himself and his Government on relieving thousands of persons in the lower income strata.

He relieves those low income earners, as he calls them, from tax by raising the threshold of the tax from \$25 weekly to \$115 weekly.

It is evident, Mr. Speaker, that as a result of those proposals contained in the Mini Budget of September, 1981, the Transport Levy, the Health Services Levy and the Unemployment Insurance contributions, would have had the effect of completely whittling away what relief had been given by virtue of raising the threshold of tax from \$25 to \$115 weekly. So there was no great magic in that, bearing in mind also that persons at the lower end of the income ladder would have also been affected by the incidence of inflation over the years and also by the increasing levies and additional expansion of Consumption Tax which took place over the years.

The policies of the Minister of Finance are characteristic in this regard — a shift in the incidence of tax from one direction to another direction. Just as when the Barbados Labour Party Administration assumed the reins of Government in 1976, they immediately relieved the country of the incidence of Sales Tax, shortly thereafter we saw tax in another form, in the form of a purchase tax, I would call it, because it was a tax on consumption, a Consumption Tax, which had an incidence no less onerous than that of the Sales Tax and, in fact, in some cases even much higher than the Sales Tax.

So there was a shift in taxation without, in my submission, producing any relief for those persons at the lower end of the income ladder. By widening the incidence of Consumption Tax, by increasing the incidence and broadening the articles over which Consumption Tax was levied, we found that those people at the lower end of the socio-economic ladder, and in the lower income scales, were in no better position than they were before the threshold of tax, as the Rt. Hon. Member for St. Thomas has said, had been raised. And to me, it is small wonder that we find that those persons, who are the most disadvantaged by the incidence of the Consumption Tax, in fact, call it, quite facetiously, the T.B. tax.

Taxation at the level, and in the manner introduced and imposed by the Rt. Hon. Member for St. Thomas, has had its effects in all aspects of society. The taximen, for instance, have had their problems and they have been a bunch of persons who have been fairly badly treated by the financial proposals of the Rt. Hon. Member.

For instance, if my research is correct, in 1976 where taxi owners were paying some \$65 dollars in tax and got permits free, in 1982, we find that the amounts which taxi owners are having to pay for the operation of taxis are now some \$750, with \$100 for a permit fee. So in all the areas, we find that the incidence and the manner in which the tax has been levelled has, in fact, been creating serious problems for all those who have been affected by it.

I would like, Mr. Speaker, now to take a short look at the question of pensions, which has been dealt with, so admirably, by Members on this side, particularly, if I may mention, the contribution made by the honourable Member for St. Michael North West.

Mr. Speaker, the honourable Member for St. Michael Central is wont to recite a lot of figures and facts from time to time. Sometimes I wonder precisely in what direction the figures and the facts he recites will lead us, but I do not pretend to know all of them, and sometimes I wait to see exactly where we are going.

In relation to pensions, he asserts, with glee, that the Government has tripled the amount of pensions which are now being paid to those old age pensioners. Now, of course pensions have been tripled in the six years since 1976, but there are a whole lot of other things which have been tripled.

The National Debt has been tripled. The incidence of levies — these have not been tripled, in the sense that they were levies before and they are now three times what they were — but the fact is that in 1981 alone the incidence of levies have been more than three times what they were before, because they were non-existent before. Ministerial salaries have not probably trebled since 1976, but they have been substantially increased. And as I said before in relation to the taximen, for instance, where in 1976 they were paying some \$65 for the road tax licence, they are now having to pay some \$750 plus the \$100.

So, since 1976, a whole lot of things have increased by leaps and bounds, so when you say, in relation to pensions, that you have trebled the pensions since 1976, that is not doing any big lot for the pensioners because in that period of time wages have increased, all sorts of things have increased and, in fact, by trebling the amount which is granted to old age pensioners, you are doing for them no more than what is right and just for them to receive.

What would have happened to old age pensioners if you had not done that? What, with the cost of living increasing as it is — and remember that the way in which tax is being levied now, where you have indirect taxation, where the tax will apply on things which are being consumed by all persons irrespective of whether you are a pensioner or whether you are a millionaire — in that sort of situation, and against that sort of background, what would have happened to the old age pensioners if you had not done the just and right thing in raising their pensions?

Now, I would like to look next, Mr. Speaker, for one brief moment, at a comment made by the honourable

Member for Christ Church East Central, when he was addressing the concept of the way how the standard of living for Barbadians has increased over the years.
4.25 p.m.

He congratulated his Government on the fact that the per capita income of Barbadians has doubled over the past six years. But, Mr. Speaker, the honourable Member for Christ Church East Central, I am sure, himself, would have been critical, and very critical, in international forums where the use of per capita income by itself as an index of development is subject to severe criticism by developing countries who are seeking developmental aid. We criticise the use of per capita income by itself as an index for development, but yet when it comes to analysing the local situation, we use that same index to show that we have increased by leaps and bounds.

Now everybody knows that the use of per capita income as an index of development can be very deceptive, because if you took the situation of the oil rich countries in the Middle East, like Saudi Arabia or Oman, and places like that, obviously you have large extremes of poverty and of wealth. You have a very narrow elite who have all the wealth that oil brings with it and you have a mass of poor on the other side. Yet the per capita income of countries like that is extremely high. But that does not mean that the mass of people in those lands would not be put on the fringe of poverty.

So the use of per capita income as an index of what the standard of living is in Barbados, Mr. Speaker, does not necessarily reflect the true picture. What it might mean is that salaries at the top are increasing by leaps and bounds, but it does not mean that those at the lower socio-economic ladder are receiving any tremendous amount of benefits.

If that was so how could we explain, for instance, the fact that last month the Telephone Company reported some 2 200 persons had their telephones disconnected for non-payment. The problem is that the people, particularly on the lower end of the socio-economic ladder, are under pressure these days. And the fact that the people have to have services like their telephones cut off in such large numbers is surely some indication that people are under pressure in meeting the obligations of daily living.

While I am dealing with the comments of the honourable Member for Christ Church East Central, I would like to deal with the point, which he made, about the courage which his Government had, and has, in dealing with the problems of capital development. He referred to the Heywoods Project and he talked about how the Barbados Labour Party Administration had the courage to start the Heywoods Project. He said the

Democratic Labour Party did not have the courage to start that project.

But when we look at the facts, Mr. Speaker, we see that the agreement for the purchase of the Heywoods Project — and if one looks at the Report of the Duffus Commission you would find the information there — I believe that document, the Report of the Commission, is already a document of this House — was signed, according to my researchers, on March 15, 1976. The purchase was completed in October, 1978, by the Barbados Labour Party Administration.

Now in between that time we had the Commission of Enquiry chaired by Sir Herbert Duffus, and a whole lot of time elapsed while that enquiry was being conducted and brought to a conclusion. In the meantime, between the signing of the acquisition of the land and the actual completion of the purchase, the land at Heywoods laid idle.

So you cannot blame the Democratic Labour Party for failing to proceed with that project, because the Barbados Labour Party wasted a lot of time between the time they came into office, in September 1976, and October 1978, before they completed the purchase of that project; a project which was organised and financed by the Democratic Labour Party and was one of the subjects of that Commission of Inquiry.

And when the plans were organised and the project got off the ground, the cost of that project was a lot more than what was originally planned. And that is why the cost overruns, which now result from that project, are such a burden for the Barbados Labour Party Administration — because of their delay, an unreasonable delay, in completing the purchase and getting on with that project.

I would like, Mr. Speaker, to take a look at the question of unemployment. The Rt. Hon. Member for St. Thomas and Minister of Finance in his Budgetary Proposals, on Page 9, dealt with this problem of employment. In my submission, Mr. Speaker, what the Rt. Hon. Member has done is to minimise the significance of unemployment in this country, and he does so in a very clever and effective way. He starts by talking about what the overall employment situation is, and then he emphasises the number of persons who have been employed. It sounds good to say that there are 101 900 persons now employed as compared to 100 300 in 1980, so an average of 1600 people have obtained jobs under the year in review.

Now this analysis, Mr. Speaker, begs the question. I do not propose to spend any time in dealing with how you determine the question of figures on unemployment. There are obviously those, when you start to count the

unemployment, who are officially counted by surveys, and the Rt. Hon. Member has used the Household Sample Survey as the basis on which he has made his conclusion.

But there are those who are not counted, and who are so frustrated in the perpetual hunt for non-existent jobs that they completely ignore surveyors when they come to conduct the samples. Then, Mr. Speaker there are also those thousands of people who are operating far below the level of their own scales. There are those who are operating at a wage level which is far below that level which is necessary for them to have a decent living.

So there is a whole mass of under-employment and then there are those who have been laid off, people who are on short term, people who have been dismissed by way of redundancy, who have been laid off, who have worked for a short period of time during the year, for instance, those in the hotel industry who at peak season are being asked to work time on and time off — all those are persons who belong to the ranks of the unemployed and who may not necessarily be considered or taken into account by Household Sample Surveys as conducted.

But then there is a further consideration which we have to take into account. In the Rt. Hon. Member's Statement, he talks about the number of persons who are unemployed in categories of male and female. Male employment was 9.2 per cent in 1980 and fell to 7.3 per cent in 1981; female employment fell from 16.7 per cent in 1980 to 15.1 per cent in 1981.

The particular fact on which I want to place some emphasis is the fact that there is a large incidence of unemployment in the female population. It is normal for the incidence of unemployment to be lower among the male population than in the female population. That is the pattern in most countries. In most developed countries it is also the pattern that employment of the female provides additional income to the household to supplement the male's income and to provide for an increased standard of living.

4.35 p.m.

What we have to take into account in the Barbados situation and which, in my view, is a critical aspect of the matter, is that in Barbados, still, women are the wage earners for families. Women are the large wage earners. They have to provide the income for themselves and for their children. So where the incidence of unemployment is high among women, it has a serious effect on the capacity of a lot of Barbadian families to keep body and soul together, and to keep the bodies and soul of their children together.

So when we are looking at the statistics on employment, we have to place some emphasis on the fact that there is a high degree of unemployment among the male

population. This is a very critical dimension which we must not overlook in analysing the problems of unemployment.

By the use of the Rt. Hon. Minister's technique, in dealing with the problems of unemployment, in minimising its effects, it provides the basis, so to speak, for the pursuance of a political programme which places emphasis on relying on the private sector to provide employment and to stimulate industry. And it also lays the sub-strata for the political decision to lay off workers in the public sector, not to fill vacancies as they occur in the public sector, and not to place people in acting appointments where people in substantive appointments are on leave. That creates a situation where you can lay the sub-stratum for a political decision that would take into account the fact that you are sort of retrenching, so to speak, unemployment in the Government sector.

The Rt. Hon. Minister's Financial Statement and Budgetary Proposals, as they stand, have a very serious and deleterious effect on the incomes, particularly of those in the lower socio-economic groupings. And how does he propose to deal with this problem? His approach is articulated at page 14 of the Statement and the strategy is to.

- (1) pursue policies designed to achieve an adjustment in domestic demand, in the light of constraints imposed by the decline in foreign exchange, and to do this in as equitable a manner as possible and, without causing undue social dislocation, and
- (2) To lay the groundwork for future growth, so that as soon as the upturn in economic activity comes, Barbados will be able to take opportunity of that renewed growth.

I say to the Minister of Finance: that strategy is not going to deal with the problems which are basically affecting the poor and underprivileged in Barbados. It might be a strategy, which is all right, when you are dealing with a highly developed economy; but for the poor and the underprivileged, it does not deal with the basic problems.

I say to the Minister that if he is relying on a policy of indirect taxation, he has to go easy on his rhetoric, in relation to wage restraint at the lower level of the socio-income ladder because, if you are talking about indirect taxation, it means that those persons at the lower end of the scale are having their incomes whittled away by the ever expanding incidence of Consumption Tax.

And do not overlook that 2 per cent which is being charged at points of entry on the warrants, 2 per cent Stamp Duty on Customs warrants, because that, itself, is

going to be passed on to the consuming public. It is going to be passed on at a level where.....

Mr. SPEAKER: In two minutes' time the honourable Member should wind up.

Mr. M. A. KING: As you please, Mr. Speaker. It is going to be passed on in circumstances where the total population is going to be affected, even pensioners, because the only items exempted from that 2 per cent Stamp Duty are petroleum products and heavy machinery, I think in excess of \$100 000. So the Minister's prescriptions do not deal with the problems.

What the Government has to ensure, therefore, to take care of the problems of the people at the lower end of the income ladder, is to ensure that things like the Health services, the polyclinics, are restored; to reduce the pressures on the aged and the infirmed by increasing the pensions, paying the light and water bills and ensuring that they are comfortable. You have to ensure that the tenantry roads in areas, for instance, like in all those plantation tenantries, like in Edey Village and in Boarded Hall tenantry, in Frere Pilgrim tenantry, in Lower Greaves tenantry, in Sergeant's Village tenantry, in Bartlett tenantry, you have to make sure

Mr. SPEAKER: And you better reach Boscobelle, St. Peter in a minute.

Mr. M. A. KING: Boscobelle too, Mr. Speaker.

Mr. SPEAKER: The honourable Member must wind up right now.

Mr. M. A. KING: Ensure that the tenantry roads in all those areas are in order for the poor people in this community to feel that they too have a stake in the sun of Barbados.

As you please, Mr. Speaker. *(Applause)*

Mr. H. A. BLACKMAN: Mr. Speaker, I rise to make my contribution to this debate in full knowledge of the Resolution which is before me and I will read the Resolution which says:

"WHEREAS the present international economic recession has placed severe pressure on the economy of Barbados and presents a continuing threat for the future,

AND WHEREAS, despite these difficulties the Government by its policies during the past year has been successful in reducing unemployment and containing the rate of inflation,

BE IT RESOLVED that this House commend the Government on its programme and endorses the 1982 Budgetary Proposals."

Before getting

Mr. SPEAKER: Is that what the honourable Member proposes speaking on?

Mr. H. A. BLACKMAN: Pardon.

Mr. SPEAKER: Is that what the honourable Member says he proposes to speak on?

Mr. H. A. BLACKMAN: Yes, I will speak on the Resolution.

Mr. SPEAKER: But the Chair proposes that the Honourable Member should speak on the amendment.

Mr. H. A. BLACKMAN: On the amendment. Right, right, Mr. Speaker.

Mr. SPEAKER: I just want to put you right. But you have a wide scope of things to come up.

Mr. H. A. BLACKMAN: The first thing I would like to touch on, Mr. Speaker, is the question of agriculture. I would like to say, Mr. Speaker, that there was a lot of song and dance about the \$600 000 incentive that the honourable Prime Minister is giving to agriculture. When we take into consideration, Mr. Speaker, that there are about 30 000 farmers in Barbados, one would see that \$600 000 works out to about \$20 a farmer, which is nothing to shout about. But that is not the question at issue.

What is happening in Barbados today, Mr. Speaker? Sugar is in chaos. At sugar factories today, you see the long lines of tractors, lorries, carts, all caused by the short-sightedness of persons, who should have taken the opportunity to realise that you should not have stopped factories from operating unless you were sure that the new factory on which you had spent millions of dollars would be in operation.
4.45 p.m.

What is happening today is that persons cannot get more than one load of cane to the factories per day, and this is causing a lot of chaos in Barbados. When I look at the proposals of the honourable Prime Minister, Mr. Speaker, I am wondering if the Government of Barbados realises the contribution that peasant farmers are making to this economy, because when I go down through these proposals, apart from the first one, which is a subsidy for spraying equipment, I cannot see any one of these proposals which is of any significant help to the peasant farmer.

If you look at irrigation, Mr. Speaker, you will see the current estimated cost of establishing an irrigation facility for an eight hectare unit is put at \$60 000. It is obvious that that has ruled out the peasant farmer. You go further. Pasture development. The current cost of establishing a hectare of pangola grass in approximately \$1 820, while the cost of fencing is \$4 200. How many peasant farmers in Barbados today can afford to plant grass on their land and at these prices? So the peasant farmer is out of that as well.

You go right down. Mr. Speaker, today in Barbados, right at this present time, small farmers are in dire need of having their lands ploughed in order to have them ready for when the rains start around May and June. But what is happening? They are scratching about looking about for tractors to get their lands ploughed — you know this, Mr. Speaker — they complain to me every day that they cannot get a tractor to plough their lands. But what has happened? The Government because of its inept and untimely closure of the Tractor Extension Scheme, or the reduction of it, if you want to say that, and by a policy, recently promulgated by the other side, that farmers have to pay first and then have their lands ploughed later, is wreaking havoc among small farmers.

I am saying that what makes the problem even worse, Mr. Speaker, is that small farmers who send their canes to factories are getting back notes — no money — telling them that they owed Sugar Factories Limited such an amount last year and it is being taken out this year. I would like to know what is this present Government's attitude towards this sort of thing that is happening to the small farmers. I have not heard anything coming from the other side, and these are complaints that are coming into me daily. I go further, Mr. Speaker. When I look at the Economic Report for the year just passed, I see this: yams down 48 percent, sweet potatoes down 35.2 percent, onions down 16.1 percent, beans, carrots, cabbage, tomatoes, eggplant, all of them down — they did not give the percentage. The production of eggs, 8.2 percent down; milk 5.3 percent down; mutton 18.9 percent down. All of this has happened in the last year.

Let me say that increased agricultural output depends basically on two things, a good extension service and good marketing. I have dealt with the extension service to a great extent already, but check the marketing system in Barbados and you will see that the pig farmers are complaining, and it is no sense telling me it is a question of over production, because if it is a question of over production, it means that communication is lacking somewhere.

The Government has to take the blame, because if you have proper communication and you tell farmers what to produce, how much to produce, how much the BARPAC factory can accommodate, there will be no over

production; so do not come to me with any over production. I am saying it is bad planning, and this is what is happening in Barbados today right through agriculture. There is a lot of bad planning and it needs rectifying.

Mr. Speaker, in the Budget here I see, "Government proposes to move the dairy industry in the direction of this modern practice by allowing a grant of 25 per cent, in the first instance, of the cost of establishing a silo up to a maximum of \$2 000 per farmer." The honourable Prime Minister is speaking of silos.

If I remember correctly, the complaints coming from the dairy farmers had nothing to do with the stocks of feed — nothing to do with feed. The complaints, as I have heard them, have to do with a proper price for milk. That is what the complaint is about, so if you give incentives for bringing in equipment or machinery to milk cows, if you feed the cows five times the amount and the farmers do not get a proper price for their milk, you are still at square one. And that is what the dairy farmers are complaining about.

I go further now, Mr. Speaker. The honourable Prime Minister says that the Government has been successful in reducing unemployment and containing the rate of inflation. Let me say this: Barbados is in a deep recession. Everybody knows this, including the honourable Prime Minister.

Whenever there is a recession, prices and inflation tend to go down — almost always. The evidence is clear. The obvious reason is that if production and sales are declining, you do not expect prices to be advancing or increasing rapidly. Businessmen find themselves with large stocks of unsold goods and commodities, and what they do, in order to get cash, is to dump all in the market. And that is what is happening now with a big department store on Broad Street, having three sales so far this year; one down by Furniture Limited, having about three sales so far this year, because nobody is buying the goods and they have to get rid of them. That is why inflation and prices are coming down, nothing to do with any policy measure over there, nothing whatsoever.

Mr. Speaker, let me give you an example. In 1974 in the United States the inflation rate fell from 12.2 per cent in 1974 down to 4.8 per cent in 1976, only to shoot back up to 13.3 per cent in 1979, a post war highest. In Barbados the inflation rate fell from about 40 per cent in 1974 to about 2 per cent in September, when the Government over there took over, only to shoot back up to 16 per cent in 1979. What I am saying, Mr. Speaker, is that evidence has proved conclusively that in a recession prices tend to come down, so to say that you have reduced, or to give the impression that you have reduced inflation is wrong.

4.55 p.m.

You see what is happening, Mr. Speaker, is that Barbadians — and if the honourable Prime Minister does not know someone has to tell him — are no longer fretting about prices. Barbadians stopped fretting over prices on June 18, 1981 and I will tell you why.

For five years Barbadians were fretting over prices. They are seeing a persistent, consistent steep rise in prices throughout the five years. On June 18, when the Barbados Labour Party was returned to power, the people in Barbados resigned themselves to the fact that they would have to endure another five years of steep increases in prices; so people are not fretting about prices anymore.

What people in Barbados are agonising over today is losing their jobs. Mr. Speaker, over 700 people have been laid off from Government works since September last year, including 93 from the Parks and Beaches last week Wednesday, 47 from the Public Health Department yesterday and 35 from the School Meals yesterday. People are agonising over losing their jobs.

What is happening in Barbados today, Mr. Speaker, is that people are losing their jobs so quickly that soon from now what is going to happen is that even banks are going to be laying off people, because when you go into banks nowadays, what do you see? When you go into the banks nowadays there are more cashiers in the banks than customers. That is a fact. That is the sort of situation that Barbados has found itself in.

What is the state of the economy in Barbados? The basic problem over the last five years in Barbados is that we have not been earning our living. We have been existing on borrowings and taxation. It was easy to borrow, because Barbados always had a good standing in the world community for borrowing, but sooner or later lending agencies will come to realise that your borrowing ability is being eroded, and that is what is happening now.

The amount of taxes collected between 1971 and 1976 from the people of Barbados was about 10 per cent less than the amount of taxes collected between 1976 and 1981, and if you take up to 1983, this Government would have collected \$2.3 billion in taxes. We were not earning our living.

The honourable Prime Minister is trying to give the impression that outside factors have the most to do with what is happening in Barbados. To prove that this is true, Mr. Speaker, the Hon. Prime Minister will have to convince us that if he had not created money in Barbados, to the tune of \$85 million since 1980, that the situation would be the same.

He will have to convince us that despite the warnings that he should not cluster the capital projects into the

year before elections, that the situation would be the same. Honourable Members over there have said it was a matter of courage, but I will say that it is also a matter of stupidity, because it has been proven since then that they were wrong. The Rt. Hon. Prime Minister will have to convince us that if he had not clustered all these projects together in 1980 and 1981 that the situation would be the same.

The Hon. Prime Minister will have to convince us that if he had not allowed the electricity rates to go up, despite the warnings from many knowledgeable people in Barbados that if they went up it would cause dire trouble in industry — and we have seen the evidence because a lot of industries are closing down and people are being put out of work — that we would still be in this situation.

He will have to convince us that if he had got rid of the one-arm bandits instead of getting \$2.7 million in taxes and allowing million of dollars to go out in foreign exchange, that we would still find ourselves in this situation.

He will have to convince us that if he had not borrowed so much money to put Barbados in a situation today where this coming year our debt service charges are \$99.3 million, whereas between 1971 and 1976 we paid \$103 million in the five years and we are paying almost the same amount in the coming year alone, we would still find ourselves in this situation.

I am saying that the onus is on the Hon. Prime Minister to convince us that despite the warnings that he had from the Democratic Labour Party, from the gentlemen on the hill, from knowledgeable people in Barbados — even if he had taken them — we would still find ourselves in this situation, and then we will say that the Prime Minister was right.

But all the advice was ignored, and I am not surprised, because if you have a great combination, it is *infra dig* to take advice from anybody, and that is what has happened. There is no sort of humility, there is no sense of compromise, of saying I will listen to you and see if that is right.

The Hon. Prime Minister ended his speech by appealing to Barbadians for hope and trust. When the Barbados Labour Party was put into power, in 1976, people in Barbados had utter trust and hope in the Barbados Labour Party. But since 1976 that trust has been steadily eroded by what has taken place — a free Health Service — not so free anymore; a solemn promise to pay water bills and electricity, not being paid anymore; the honourable Prime Minister saying in September that there was an economic crisis and the honourable Minister of Agriculture

going out of his way to prove that there was no economic crisis.

5.05 p.m.

I am trying to tell you why there is no trust in Barbados anymore. A gentleman of the cloth said about four weeks ago that no one is believing anything anymore. I do not doubt that the honourable gentleman wanted to say that, but I will say what is happening is that no one in Barbados is believing the Barbados Labour Party anymore, and you had better believe that. How can you believe a party when the Honourable Prime Minister is saying that we are not importing too much and the honourable Minister of Agriculture, and everytime he gets a chance, says that we are importing too much.

How can you trust a Government when the honourable Prime Minister goes out of his way to prove that there was no creation of money, only for the honourable Member for St. Michael East Central to get up and not only confirm that there was no creation of money, but then to put some blame on the Democratic Labour Party and say that we did it too. How can you put trust in a Government.....

Mr. SPEAKER: The honourable Member has one minute more.

Mr. H. A. BLACKMAN: How can you trust a Government when the Prime Minister goes out of his way in the Budget to say that the number of employed persons in Barbados comes to 102,800 and yesterday the honourable Member for St. Michael East Central said the figure is 114,000. Twelve thousand people in a day with just the flick of the wrist! That is why there is no trust in Barbados.

Mr. Speaker, I will wind up. I will say if by bringing down inflation the honourable Prime Minister means that by driving Barbados into a deep recession he will cause inflation to go down, I agree. And I will say, what we need in Barbados today is a Government that can not only give you low inflation but can give you growth in incomes, growth in productivity and growth in trust. Thank you, Mr. Speaker. *(Applause)*

Hon. Dr. R. L. CHELTENHAM: So far, Mr. Speaker, we have had an outpouring of words on the Budget debate and the principle points of divide between the two sides tended to become obscure as we have had some secondary speeches dealing with housing, agriculture and with other issues, which cannot be regarded as either monetary or fiscal.

It is for that reason, Sir, that I think it necessary to restate the principle points that divide us at the very outset of my presentation and address my mind to later. Before I do so, however, I think it necessary to make

the point that this is not the first time in the history of this country that we are dealing with a deficit on Current Account or, indeed, on Capital Account, what is known as an overall deficit. Indeed, in 1961 there was a deficit on Current Account. In 1973 there was a deficit on Current Account, in 1976 there was a deficit on Current Account and today we are having too a deficit on Current Account.

It is not the first time either that we have had Central Bank, since its establishment, accommodating the Government with credit. That happened in 1973/74, it happened in 1977 and it happened again over the last year, so that what we are talking about is nothing new in the history of this country.

I think the point has got to be made too, Sir, that this has always been a vulnerable and fragile economy, and even though in the last 20 years we have gone a far way towards diversifying the props of our economy, and insulating it to some extent from the pressures overseas, it remains extremely vulnerable. And what we are witnessing today is the continual vulnerability of the economy and its continuing fragility. These are dominant features of the Barbadian economy.

The first point, however, Sir, to which I would like to address my remarks, concerns the charge made by the Opposition that the Government, the Barbados Labour Party Administration, has been responsible for the balance of payments problems that we are experiencing because of credit creation as a result of the Central Bank accommodation. That charge, Mr. Speaker, is grounded in the view that the balance of payments is exclusively a monetary phenomenon and that it cannot be explained by any other factors other than the money supply.

It will be my contention, Mr. Speaker, that that view is too simplistic, the assumptions on which it is structured are too narrow and too unrealistic, and in truth and in fact, the balance of payments difficulties that we are experiencing have got to be explained, in large measure, by the fact that we have had a decline in our foreign earnings as a result of the performance of sugar and tourism and, to a lesser extent, our manufacturing.

Let me return, however, to this monetary approach to the balance of payments which is essentially the approach of Milton Freidman, an arch Conservative, whose policies have brought total distress to Great Britain and to many countries in Latin America, and to his disciples, such as Michael Howard and his student, the honourable Member for St. Michael South Central.

The first proposition in relation to that argument, Sir — and I think we have got to state them fully if we are to fault them — is that the monetary base of the

economy, the total money supply, is equal to the total foreign assets in the banking system plus the total domestic assets. The second proposition, Sir, is that any change in the money supply is bound to effect the foreign assets in the banking system and the local credit in the banking system. And the third proposition, Sir, is that the circumstances in which your foreign receipt earnings are falling, if you increase your money supply, you will immediately adversely affect your foreign reserves, hence your balance of payments.

All of that is very complicated in a way, Mr. Speaker, and it could be put more simply this way: in a situation where your foreign receipts are falling, such as we have now in Barbados, if you have an increase in the supply of money, it is bound to be reflected in an increase in imports which is bound to be reflected further in a decrease in your foreign reserves, hence the impact on your balance of payments. That is the argument, put simply.

It takes no account, Mr. Speaker, of the adverse terms of trade moving against you. It takes no account of the decline in your export earnings, and that is precisely what happened in the year under consideration, last year. We in this country, through no fault of our own, experienced a decline in our export earnings, particularly in relation to sugar and tourism. It takes no account, this monetary approach, to the balance of payments and the fact that we do not live in the world by ourselves.
5.15 p.m.

We are part of the world economy. We are inextricably linked with our trading partners in the North Atlantic and we cannot expect to be insulated from the adverse downturn in their economies. We went to sleep one night last year, Mr. Speaker and got up the next morning to find that the European currencies had been devalued, the European basket of currencies in which we have paid for the great proportion of our sugar, and as a result we lost \$43 million in foreign receipts, through no fault of our own. The \$43 million that the last honourable speaker, who just sat down, said on another occasion in this Chamber was no big thing. But when we listened to his speech we know that he brings more bombast than studied and research facts to his presentation, the sort of speech more suited for Ruby Corner in St. Philip than for this honourable Chamber.

Mr. Speaker, it is my submission, and indeed it is the Government's case, that the balance of payments difficulties that we are experiencing are directly related to the fact that the international economy is in crisis and that that has a consequential impact on the Barbados economy. It is due to the fact that there has been a significant contraction in demand for the goods and services which we produce in Barbados and as a result our

foreign receipts have fallen. And it is because our foreign receipts have fallen that we have had difficulty with our balance of payments.

That is not to say, Mr. Speaker, that the expansion of credit has not been a contributory factor. But to say that it is the total cause of our difficulties is to lose one's sense of proportion in putting the case and in explaining the causative factors of our balance of payments difficulties.

It is this narrow assumption, this unrealistic view of a complicated matter of the balance of payments, that has in turn led the honourable Member for St. Michael South Central, the principal spokesman for the Opposition, not only to explain the balance of payments difficulties in terms of the money supply alone, but led him further to suggest to this honourable House that uncontrolled incomes have no impact at all on the balance of payments, and to that extent there is no need for any policy of income restraint in the present difficulties.

I am glad to observe, Mr. Speaker, that the Opposition spoke with two voices on this matter. You will recall that the principal spokesman said that the Democratic Labour Party will never support a policy of income and wage restraint. But the Deputy Leader of the Opposition, the honourable Member for St. Michael South, said that he will support a policy of income and wage restraint, provided that we give priority to the lower income earnings in that policy of wage restraint. I only wish, Mr. Speaker, that their real leader, the Rt. Hon. member for St. John, was not unwell and, as a result, unable to be with us, for I have no doubt he would have spoken much more frankly and would have, like the patriot he is, agreed that the circumstances of the moment call for restraint.

Mr. Speaker, the case of restraint rest on two very powerful grounds. To a large extent this is an export oriented economy; we sell goods and services abroad. In circumstances where our principle trading partners overseas are experiencing a contraction of demand, in circumstances where our exchange rate is fixed and in circumstances where they, themselves — our North Atlantic partners — are exercising restraint in their income policy, and settling for anything from 2 per cent to 8 per cent, we would be in grave danger of losing our competitive edge for the products which we produce and sell overseas, if we decide to have wage increases unrelated to the productivity.

That would be a recipe for total disaster. And it is the height of irresponsibility, unpopular as it is, not to say directly to the people whom we represent that that is the only way out in the circumstances at the moment.

The second argument is a more technical one, but no less powerful or unanswerable. It is this, Mr. Speaker,

— you can create money, expand your money supply in two respects — by an expansion of credit or by an expansion of incomes. If there is a case, and the Opposition has said there is a case, for the control of credit, equally there is a case for the control of incomes. That, Mr. Speaker, cannot be denied. The argument that they have been advancing, fashionable argument it is, is that you cannot have income restraint at a time when profits, dividends and prices too are not under control. This Budget itself, Mr. Speaker, addresses its mind to the question of profits — I will have something to say about prices — because we have taxed the banks and their gross assets, we have increased their licence fee and, in addition, we have imposed a 3 per cent surcharge on corporate profits.

But, Mr. Speaker, we have gone further. We have said that the professional class is difficult to police, the doctors, lawyers, architects, surveyors, etc, and we have increased the registration fees of the doctors and lawyers and some others. So in the circumstances where the economy is going through a depression, and where we have reason to believe that profits are down, we have gone further in order to set the stage for all sectors of the community to play their part, by taxing the banks further, taxing professionals and also, Mr. Speaker, by imposing a 3 per cent surcharge on corporate profits.

But, Mr. Speaker, the implicit argument of the Democratic Labour Party spokesman, that they, somehow, had a prices policy in this country, and that we, the Barbados Labour Party Administration, has no prices policy, ought to be made fun of, because their record is so abysmally poor, Mr. Speaker, that it ought to be exposed for all to see, and for all to be reminded of it.

They had a system, Mr. Speaker, where hundreds of goods were subject to licence and price control in this country. What did it lead to? It led to the highest price increase that we have ever had in this country during the period 1973 to 1976. In fact, in the period 1971 to 1976, the cumulative increase in the cost of living was 122 per cent. That bears the statement, Mr. Speaker, because we have a way, as a people, of suffering from recency, whereby we can only remember what happened yesterday and not five years ago or ten years ago, and we need to restate that. Between 1971 and 1976, when the Democratic Labour Party was in office, we had a cumulative price increase in this country of 122 per cent. On the other hand, Mr. Speaker, since we have been in office, the cost of living has gone up on average by about 13 per cent per year.

5.25 p.m.

So what was that elaborate price control policy designed for? I can tell you what it led to. It led to

shortages, Mr. Speaker, we could not get the goods that we needed on the supermarket shelves. There were long delays in getting approval for your licence. It led to uncertainty. In the end, it drove 400 shopkeepers out of existence. Four hundred shopkeepers were driven out of existence by the Democratic Labour Party's price control policy. It enveloped the whole machinery in scandal, brought discredit to the political system and to those who had to administer it. That is the result that their price control policy resulted in.

Mr. Frank Alleyne, who had something to do with it, wrote in his professional capacity that it contributed to the economic distress which we experienced in those years. Everyone who has had anything to do with the price control policy of the Democratic Labour Party except, the honourable Member for St. Michael West, who, apparently, has learnt nothing in the years since he has left office — say they hope, Mr. Speaker, that they will never see a return to those bad days.

We, Mr. Speaker, have a price control policy in existence. It is both a formal one and an informal one. There are some 28 items under price control in this country tonight. But, we have done away with all of these licences, Mr. Speaker. We have allowed competition in the marketplace to a large extent to regulate the prices of non-essential items.

Petroleum products, Mr. Speaker, including gasoline and kerosene oil, are controlled. Sugar and milk, butter, Mr. Speaker, 28 items on control. Macaroni.

But, the competition in the marketplace, Mr. Speaker, is also regulating prices in the interest of the people. The controlled price of chicken is \$2.30 a pound, yet it is being sold, week after week, in this country at \$1.99; because of competition. There are 27 brands of bacon in the marketplace, Mr. Speaker, the competition is fierce. Twenty brands of rice, Big Ben and Chefway — the list is endless. The competition in the marketplace, Mr. Speaker, is what is controlling the prices of the non-essentials.

The Government remains committed to a prices policy in relation to essential items, and that policy remains in existence. It is under review and we will move, Mr. Speaker, to redefining the basket of essential goods.

But the point has got to be made, Mr. Speaker, that the Democratic Labour Party is in no position to charge that the Barbados Labour Party did not control prices, because our record is incomparably superior to theirs in that regard. (Applause)

Let me turn to another matter, Mr. Speaker, what, in the circumstances at the moment, was the Government to do? That is the vital question. We are not sure what the Opposition would have done, though we get the impression that they have not agreed with what we have done. What, in the circumstances, should the Government have done? The Government's policy, as reflected in the Budget, is structured on a number of premises. We feel, Mr. Speaker, that we have to stabilise the situation at the moment, in such a way that we can cut down on our deficit without at the same time crippling business activity. And that is why the taxes which we have raised as a result of this Budget fall far short of public expectation. The public out there is saying, Mr. Speaker, that they are surprised that they were not more harshly hit.

But the moment calls for very delicate balancing. We have to raise some money by way of taxation in order to knock down the deficit but at the same time we cannot depress economic activity. Nor, Mr. Speaker, can we increase the amount of the unemployment, Mr. Speaker. We have to be careful about that too, because if there is one thing that this Barbados Labour Party Administration is proud of it is the fact that for the first time since we have been keeping statistics in this country in relation to the employed and the unemployed, the unemployed number, Mr. Speaker, is at its lowest, a little over 10 per cent.

But what are we finding, Mr. Speaker? The rules that were good enough for the Opposition, when they were in Government, are, all of a sudden, no longer good enough for them. The same Statistical Department used to provide the figures on the unemployed and the employed. The same methodology that was employed during their time is being employed now. (Mr. B. M. TAITT: No, Household Survey.) But the figure, Mr. Speaker, is so damaging to their reputation that they just cannot accept it.

But, Mr. Speaker, members of the public need not be misled, because the way of finding out how many people are working in this country is to find out, Mr. Speaker, how many people are paying National Insurance, and certainly that covers those under 65. So there are always more working than paying National Insurance because there are a lot of people in this country between 65 and 75 who are working and who are not on the National Insurance register. But if we know that when we left office in 1976 there were 91 000 people paying National Insurance and now we have 114 000 people paying National Insurance, we can do the addition. And it is because that cannot be denied, and it is so galling and painful to them, that they are trying to knock the Statistical Department and the methodology employed by the Statistical Department.

But what should we have done, Mr. Speaker, right now? We have to keep employment up. We have to take care of those that are not able to take care of themselves, such as the elderly, and we have to make sure, Mr. Speaker, that there is a restraint in the consumption pattern in the community because we have not earned the foreign exchange in order to pay for uncontrolled imports. At the same time, Mr. Speaker, not losing faith in the future, we have got to prepare for tomorrow. That means that we have got to keep our productive capacity in tact so that as soon as there is an expansion of demand in the North Atlantic economies, and as soon as the storm clouds disappear, Barbados would be in a position to move again, as indeed we moved in the period 1977-81.

That is why, Mr. Speaker, we are emphasising agriculture, non-traditional agriculture. In the past the only area of agriculture we have relied upon to earn us foreign receipts was sugar, but we have decided that non-traditional agriculture, areas outside of sugar, onions, Mr. Speaker, and peanuts, so far as we are able, not only to use them, but to export them, and other areas where we can use import substitution, that is the area to develop. We are trying to move on agriculture as an economic stabilizer.

5.35 p.m.

Mr. SPEAKER: Move as quickly as you can in the next two minutes.

Hon. Dr. R. L. CHELTENHAM: That is the reason, Mr. Speaker, why we have given, as an interim measure, these incentives in agriculture. The reason why I emphasise 'interim' is because under preparation is a major piece of legislation, the Agricultural Development Act, which will cover many more areas and hopefully provide much more generous incentives.

Credit, too, is necessary, and we are looking at a credit system for agriculture. And we believe, as we have said in here before, that we are now in control of the marketing arrangements.

I just want to say in conclusion, Mr. Speaker, that I am satisfied that the Government has acted correctly in the circumstances of the moment. And I have every confidence that when the storm clouds are lifted, and there is an upswing in economic activity in the North Atlantic economies of the world, that Barbados, with its productive capacity intact, will be well able to take advantage of the situation, and that all of us will see an improvement in our standard of living, as indeed we experienced in the period 1977 to 1981. (APPLAUSE).

Mr. B. M. TAITT: Mr. Speaker, when this sitting was begun the Chaplain of this honourable Chamber said a prayer, and I recall that included in that prayer were the words: "Defend, O Lord, the rights of the poor and the oppressed." I commend those words to the honourable Member who has just sat down, and I draw to his attention that the Rt. Hon. Prime Minister was not in the House when those words were said — and so, perhaps, he can be excused for his Budgetary Proposals in the form that they have come.

Mr. Speaker, the temptation to answer the honourable gentleman who just sat down must give way to the necessity to continue the relentless attack which has been carried on by this side ever since yesterday, and to continue to draw to the attention of the people of Barbados some of the difficulties and some of the problems which this Budget will bring for us.

Mr. Speaker, we had the honourable gentleman from St. Thomas discoursing on the international situation for one hour, a very interesting way to present a budget in Barbados. I do not propose to deal with the international situation, except to say this: for all the years that the Barbados Labour Party were an Opposition, the Barbados Labour Party made it clear that it was in no part of their thinking to accept that the international situation was the answer for the woes of the Government of the day. And I charge them with their own words. The international situation can only contribute.

We are charging that it is the gross mismanagement of the Barbados Labour Party Government which has landed us, the people of Barbados, in this morass. We are not saying that the international situation has had nothing to do with it, what we are saying is this: you have misled the people of this country into believing that all was well in the garden. It does not fall well out of your mouths now to come to the people of Barbados and ask them to restrain themselves and to hold strain.

Mr. Speaker, the Budget itself is predicated on the Economic Report. The Economic Report for 1981 is in many ways a disappointment, but if one turns to Page V and one looks at paragraphs 2, 3 and 4, one has the answer: "Domestic exports declined during 1981 while imports continued to grow." The next paragraph goes: "Industrial production fell by 3.6 in 1981." The next paragraph begins: "The tourism sector again in 1981 experienced no growth in volume." And the honourable gentleman who just sat down says that he is keeping the productive capacity in tact, to use his words.

Mr. Speaker, when we charge that the Budget is inflationary, it cannot be said that you are keeping the productive capacity intact if the budget is so inflationary that it destroys and drives out of existence the very

prongs on which you intend to keep this productive capacity in tact. That productive capacity is manufacturing, it is tourism and it is agriculture. I shall demonstrate how the honourable gentleman is contributing to the destruction of those three sectors.

Mr. Speaker, let us take, for example, the Industrial Development Corporation. The honourable Member, who just sat down, presided over an Industrial Development Corporation which sought to make — and I am searching for my papers here and giving you an opportunity to stop the noise perhaps that is coming from the other end, Sir — he presided over an Industrial Development Corporation which has the responsibility for the creation of jobs in this country, and which is supposed to spearhead the industrialisation of this country. An examination of the performance of the economy of Barbados over the last ten years but two, would demonstrate that the industrial and manufacturing sectors have played a significant role in the shift in the GDP, and have together allowed for a very perceptible shift into productive areas of our economy from an importing economy.

Mr. Speaker, in fact the Government's attitude seems to be one, and it is borne out by the policies of the Prime Minister and Minister of Finance, of shifting the people of Barbados back into a situation of a service economy, an import economy, where in 1981 we can have in the Economic Report a statement, and in the Budget a similar statement, that the wholesale and retail sector has been the strongest sector of the economy.

The honourable Member says he is keeping the productive capacity intact, but the Prime Minister, and Minister of Finance produces a budget that tells us that the wholesale and retail sector has been the strongest sector of the economy. That is a repetition of last year and a repetition of the year before. He has succeeded in turning this economy around from production into the area that can only be described as moribund.
5.45 p.m.

It is an area which uses up the capacity of the community, which does not add anything to the capacity of the community and which does not have anything for the ordinary masses of the community except the continual waiting at the feet of those who now direct the political directorate in this country.

Mr. Speaker, before I go further on that, let me lay bare the charge and put to you that when we say it is an inflationary economy, we are not speaking for the mere expression of words. Let us take the importation of an item like lumber. The honourable gentleman has hidden, and I repeat hidden, the full effect in the manner of presentation. He said he is going to have a 2 percent *ad valorem*.

In 1976, suppose one of the companies in Bridgetown, a big one, imported 600 000 feet of lumber. The duty that was paid on that was \$1 800. Along comes the Barbados Labour Party Government and in 1979 it added a Consumption Tax of 5 percent. The tax paid on that is just short of \$31 000, \$30 900. Now when this year he adds 2 percent on top of that, the taxes paid altogether in 1982 would be \$44 554 as opposed to \$1 800 in 1976. No wonder the honourable Member who is responsible for building houses finds it difficult to get a house on the way at a reasonable cost. No wonder, Sir, that the ordinary masses of this country have extreme difficulty finding a place in which to live, because the cost of lumber, which is imported into Barbados, has been artificially increased by the additions of the Government itself by way of the taxation. But, Mr. Speaker, that is one example.

In the Customs Department, Mr. Speaker, there has been a continuous collection of money through a system which this Government has introduced. They, from the time they took up office, have been constantly adding to the cost of items in this country through the indirect taxation method. Mr. Speaker, if you turn to Appendix I, you will see where the Prime Minister did not announce the taxation, but he called for Appendix I, and you will see where he has set out those items that will now form part of the taxation through the Consumption Tax, through *ad valorem* tax and through Stamp Duty, which operate in the same way, Mr. Speaker, I should like to ask the Prime Minister to get up and tell the people of this country how much revenue has so far been collected since his Consumption Tax was first introduced, and ask him whether the estimated revenue has been far below what the collections were.

Mr. Speaker, the landing charges in Barbados were \$9.20 per ton in 1976; by 1982 they are \$23.20 per ton. The Quarterly Reports of the Customs Department will answer the questions which time does not permit me to answer. I invite honourable Members to look at them and they will see the extent that inflation has been added by the wrong-headed policies of this Government — in fact, not the Government; of the Prime Minister and Minister of Finance, because from what we have been hearing on this side, it does not seem as if the rest of the Government has any input into the decision-making in this regard. It would not seem so, so it is probably unfair to attempt to charge them with his, shall we say — I do not wish to say infelicities — his economic “Tomenomics”, because the new amendment to the Stamp Duty, for example, which passed unsaid, almost, has left Barbadians in this situation where before they would pay ten cents to take up a package they now have to pay \$5.

From 10 cents to \$5 is such an astronomical increase and may seem simple, except that persons who

went only yesterday to collect items discovered that where before they were paying \$220, they are now paying in the vicinity of \$500 and \$600 and \$700, and I am charging that the honourable gentleman has collected \$1.5 billion through this method. And it is questionable whether the system he has used is one that is acceptable, not illegal, but one that is acceptable.

There is a proper notice which has to be given to the people when these kinds of *ad valorem* taxes are to be added. But you see, Sir, most people who attempt to analyse a budget only look at the income tax part, and the Prime Minister has consistently added his weight to the people of this country through the system of *ad valorem* tax.

I, Sir, heard the honourable Member for St. Michael East last night. Erudite and articulate he sought to demonstrate that the Democratic Labour Party, while in office, had treated the old people of this country as if they were pariahs. Mr. Speaker, I go further. His colleagues followed and suggested, with loud thumping, that we had not advanced the people of this country to more than \$13 in 1976.

I have always said that one of the things you can say of the Rt. Hon. Prime Minister is that he knows how to recognise certain things. Mr. Speaker, let me give you an example. During his reply to the Budget of 1974, I believe it was, that honourable gentleman quoted Disraeli and he said that Disraeli said “there are lies, there are damn lies and there are statistics”. Mr. Speaker, I am going to show you, Sir, when people are attempting to make a case and they refuse to use a proper base for comparison how they can be misleading.

They talked about what we moved it to. We moved it from \$1.80 in 1961 to \$13 in 1976. If we moved it from \$1.80, can you imagine what it must have been under the first Barbados Labour Party Government? There was a time when that party that now seeks to demonstrate how magnanimous it is, used to give people 50 cents and 60 cents a week, and there was a time when they gave them nothing; but that is not the gravamen of my argument.

I have here information which I have worked out. In 1976 when they were getting \$13 they used to go to the shop as they still do in 1982; now they are getting \$33. They used to buy a pound of rice in 1976 for 45 cents, it costs 72 cents today. They used to buy a pound of straw sugar for 26 cents, it costs 65 cents today. A pound of salt was 14 cents and it costs 30 cents today. A pound of potatoes was 32 cents and it costs 42 cents today. A pound of onions, that moved from anywhere, but I will give that the highest price, 60 cents; today it is about the same. A pound of boneless cod fish was \$1.68 in 1976, it is \$5.84 in 1981. These can be checked.

A package of Milo was 12 cents in 1976, it is 28 cents today. A tin of Herring-in-Tomato Sauce was 84 cents then, it is \$1.53 now. A 12 ounce tin of corned beef was \$1.67. The honourable Member for St. Michael East must be concerned that it is now \$3.30.
5.55 p.m.

Mr. Speaker, the entire list I have will take some time to read, but a box of matches was 9¢ then. A box of matches cost 30¢ now. You used to pay \$6, if you lived in one of those small houses, for your water, and you now have to pay \$30 or \$35. Electric bills in those days used to be around \$23.00 an average for a two month period. Today, it is \$66, in the same house.

I invite the honourable Members, when they are attempting to do these comparisons, when they are trying to show how they have moved the poor old people forward, that they should recognise that the value of money is as equal in the comparison as in any other factor. They must understand that if what the honourable Member said is true, that providing a decent and dignified way of living for those people does not include, cannot include the concept of bragging about moving it from \$13 to \$33 in five years, when in that five years, by your own information and our information, the inflation rate moved twice as much as it had moved from 1961 to 1976. That is your own information.

You have said that no one has been laid off; I heard one honourable gentleman saying that. The letter — I have one here, Sir, so that it would not be felt that one is faking. I cannot give this to the House because it is a personal letter — but the letter came from the Government Department and it laid off people, 32 people in the Parks and Beaches, 32 Security Guards.

I want to ask the Prime Minister if he needed Security Guards three years ago, or in 1976, or just before the Elections in 1981, what has happened that we do not need Security Guards today, Sir? Is there less thievery? Are the Ministers in less danger? Is the public purse under more secure hold or is there nothing to steal from the public purse?

Mr. Speaker, the question of tourism in Barbados as one of the sectors to be intact, has been dealt with at all levels. But one of the things that must be said is that the people of this country are not aware of where the leakage out of the tourist industry causing the drain on our balance of payments has been explained, where it occurred and how it has occurred. I want to tell the honourable Prime Minister how he may assist in this.

Mr. Speaker, they have been taking diamonds. They buy diamonds in Bridgetown and they give those diamonds to passengers who are leaving, and they ask

those passengers to drop them off in various capitals of the world.

Mr. Speaker, they have such things as the Swimming and Tennis Club at one of the West Coast Hotels and through that particular account, which has now been described as an illegal account, a substantial amount of money has left Barbados. They make arrangements for persons who come into Barbados on holiday to pay for their holidays outside of Barbados and, Mr. Speaker, what is dangerous, what is damaging, is that it is being felt that they are being given assistance in the movement of these things out of Barbados through certain areas of our officialdom.

Mr. Speaker, the Government has shown a wrong-headed approach to the question of tourism in that they have bluntly refused to recognise that you need people of a certain quality operating in the area of tourism promotion.

I recall there was a Chairman of the Tourist Board called Mr. Burrowes. Almost single handedly Mr. Burrowes, the late Livy Burrowes, went into the highways and byways of the United States, in the on season and during the off season, and persuaded large numbers of people to come to Barbados and save Barbados throughout the two years, I think between 1967 and 1968, and saved the tourist industry.

But what this Government has continued to do is to use a form of cronyism and it has not permitted those who are qualified to best carry out the work, to do the work, and as a result we find that there has been no forward planning in the tourist sector.

We have the inept manner in which the Government attempted to impose additional taxation on the airlines. Mr. Speaker, the story concerning that makes woeful reading, and in due course, in a later debate, we will have the opportunity to put these details before this honourable House.

But the fact is that the Government — and one can see by the manner in which it has assigned its portfolios — has shown no particular interest in tourism, until now, we have a situation where at the Holiday Inn, during the last winter season, three top floors were closed completely. They were not open.

Another hotel just laid off 140 persons from the hotel industry and one of the most luxurious, one of the best hotels built in Barbados during the last two years, opened during the last two years is now in receivership, Sir. Mr. Speaker, can you believe that? One of the most luxurious hotels built in this country is now in receivership. Good taste dictates that I do not call the name of

the hotel, but that is the state of play; and the Government would pretend to the people that it is a mere drop-off in numbers. It is not a drop-off, Sir. It is a slaughter. There is nobody in the hotels. If you want to have a sumptuous meal you can go to any hotel on the West Coast and get a meal.

In manufacturing, the IDC, the last time I spoke about it, excited a response from the honourable Member for Christ Church East Central that I hated the General Manager personally. But let me say that that hatred must have transmitted itself in this way: Mr. Roy Clarke has resigned from the IDC. Dr. Carl Clarke has resigned from the IDC. The two top men in the Construction Division have resigned from the IDC. All of the persons who are operating in the New York Office have indicated their willingness to come back home to Barbados, as quickly as possible.

Mr. Speaker, I will not include the Public Relations Department as having resigned, because I believe they have moved on to higher and better things, but there are only two persons in the Industrial Development Corporation with more than five years, and I charge the Barbados Labour Party with cronyism.

The honourable Member for Christ Church East who said to this Honourable House that he would never condone yardfowlism did not tell this Honourable House that the Personnel Manager at the IDC was his Campaign Manager during the last Election. He did not tell the honourable Members of this House that the Minister, the Honourable Member for Christ Church East Central telephoned the IDC in New York and said to them, "find a job for Scotty."

The honourable Member for St. Michael East is smiling because he knows about what I speak. "Find a job for Scotty and find it now". Mr. Speaker, who is Scotty? I could not tell you. Suffice it to say that Scotty is working and was working from the next week. That is the manner of the mismanagement that we talk about. When we talk about mismanagement you think that we are merely uttering words but you have misled the population. You have mismanaged the situation.

You now come to the people and ask them to give you a chance. You now seek their forgiveness. You want them to hold strain, but the Central Bank of Barbados just had a raise in their salaries of 22 per cent across the board for two years — 22 per cent, when the honourable Prime Minister and the Governor of the Central Bank told the sugar workers that 20 per cent was enough. The people from the Central Bank operate from a different economy. They get theirs from a different economy, Twenty two per cent across the board!

6.05 p.m.

I wonder if the Prime Minister would tell us if Dr. Blackman took his new contract at the same price as the last one. I would think that would be a real restraint — nothing personal, of course — but that would be the epitome of restraint. But of course honourable Members on that side have already signified to the population that they are going to be looking for ministerial increases. So we on this side can only say as the honourable Member once said, we can only give advice from the Opposition. If it falls on deaf ears we can only look at askance and wonder about the quality of leadership that we have in this country.

Mr. Speaker, as I come to the end of this speech, I wonder for how long the people of Barbados will have to put up with the near misses; with the promise, for example, of a new Agricultural Act; with the concept of waiting for tomorrow. That concept was not just there a year ago but the same information which is being given now, which is being trotted out by the honourable Member, was always available.

When the honourable Member who read the information from the Central Bank Report, was talking about 1980 and 1981, could he not remember in 1980 and 1981 not to have the honourable Member for Christ Church East Central and the Prime Minister parading through this country talking about five more years of prosperity. It is in the record. How then does he come to us, the honourable Member for St. Michael East Central, in this Honourable Chamber to give the population the belief that he does not tell lies, he does not tell damn lies, all he does is to produce statistics.

He tells the people in Barbados that everybody in Barbados drinks an average of about 100 gallons of rum per year. If they used to drink a hundred gallons a year they now have to drink one third of that, because the Prime Minister — in his innocence, he would have us believe — put the highest price that was ever put on an item, the elasticity of which is well known. Fifty three cents on a twenty six ounce bottle of rum cannot be acceptable, even in the interest of health.

If the Prime Minister and Minister of Health and the rest of the Cabinet believe that drinking rum is wrong, then withdraw it as a poison. But while they sell it, they should remember that it is manufactured in Barbados and that Barbadians earn money from its production. When they seek to stem its production, its flow, then they are challenging Barbadians themselves, even as they say tighten your belt, even when they say to Barbadians to show restraint and not ask for any money this year.

Mr. Speaker, how can the Prime Minister anticipate and expect that the people of Barbados will accept the nonsense which has come to us year after year? We had the Mini Budget and a continuous flow of pressures, by

way of little levies. But I never thought that I would see the day when the Prime Minister would take the levy a month before the Estimates then come to the people immediately after the Estimates and put on an additional 4 per cent, 2 plus 2.

Mr. Speaker, we are in difficult times and the people in Barbados are looking for salvation from some quarter. We have offered some solution from this side and I believe that if the Government would listen, in the end, for at least the next few years that they hold the power, we will give them a method and a way forward. Thank you very much, Mr. Speaker.

Hon. H. deB. FORDE: Mr. Speaker, it is probably timely to remind the public of Barbados that one of the innovations made by the Barbados Labour Party Government has been this very broadcast, which is being made from this House on this occasion.

If we cast our minds back five years ago, Mr. Speaker, to the Budget of 1976 of the Democratic Labour Party, the public will be reminded — a memory is a short thing — that in those days it was the leader of the then Government, the Rt. Hon. Member for St. John as Minister of Finance, and the Leader of the Opposition who had access to the television and airways. The other peoples' representatives in this House were not heard, and certainly not seen outside.

I began on this note because I believe the people in this country, or some of them, are beginning to take too many things in this country for granted, and expecting that those things are not things for which they must any longer fight. And I think they also, in some cases, have very short memories.

It is my thesis that the quality of democracy has improved under this Government, just as indeed the quality of life has improved during the last five years. And it is my thesis that this has been done in circumstances where the world economic situation has been under severe pressure and continues to be under severe pressure. It is accepted by the Opposition — and I think only the blindest of blind people would refuse to accept this — that the international economic recession has placed severe pressure on the economies of both the unindustrialised and industrialised countries. The Opposition must accept this fact.

And there is no point in minimizing it, Mr. Speaker. We have a duty, if we are being candid in public life, to make Barbadians of all colours, of all creeds and of all economic standings, clearly understand that Barbados must live within its means and no matter which Government is in power, it is not possible for the Government of the day to live outside of the means of the country.

I want, very briefly, to remind people that one of the strongest economies in the world today is not only in a chronic state of depression, but it is in a state of chronic repression as well. Mr. Speaker, I read from the New York Times of March 14, 1982, from the section dealing with international finance from an article written by Leonard Silk. And this is what he said:

"How to describe the underlining conditions of the American economy? Short term, it is obviously in a recession that started last fall. But this is the second recession since 1980, the third since 1975, and many economists believe even if the recovery begins the second half of this year, a fourth recession is just around the corner. It has been a long sequence of recession and weak aborted expansions. Is this then a repression we are in? Looking backward, the terms seem too strong. The economy has been stagnating, not collapsing. If the roof were to fall in later this year, or next year, it could become a depression, but the odds are still against it. Call it repression — a chronic state of unemployment and industrial slack that has dogged the economy for the greater part of the past decade; a condition brought in by repressive actions in the industrial world to cope with the inflation, energy shortages and current disorders."

For the benefit of the honourable Member for St. Michael West, he goes on to say,

"The utilization of manufacturing capacity, which ran as high as 90% in the mid 1960s averaged in the low 80% range in the 1970s and in the final quarter of 1981 it was down to 74.8%. The jobless rate, only 3.5% of the labour force in 1969, President Richard Nixon's first year in office, has been on a rising trend since then, and was last caught at 8.8% in February, 1982.

"New housing construction, which peaked up at 2 278 000 units started in 1972, is currently running below one million starts. Talking about receivership of hotels, business failures are climbing sharply. They soared from 24 per 10 000 in 1978 to a rate of 83 per 10 000 now. 6.15 p.m.

"The inflationary trend was implanted even more deeply, both at home and abroad, in 1973, when the economies of the western world boomed together, driving up commodity prices."

And it goes on to say, Mr. Speaker that:

"This chronic condition will continue."

And this is what he has attributed this to:

"The world slump has resulted from comparable efforts of most other nations and their Central Banks to fight inflation, partly in response to the pressure of high oil import prices and partly, they say, to protect their own currency against the pull of the high interest rates in the United States."

Mr. Speaker, Sir, I cite this because we are very near to the North American continent and today our dollar is tied to the US currency. Two of the main areas of our main export earning sectors of the economy are closely tied to what happens in North America. And it should be obvious, to even the most simplistic Barbadian, that it is impossible for the economy of this country, no matter how much care is applied to it, to be isolated from the effects of the international economic situation, and particularly that situation in our main trading partners.

The honourable Member for Christ Church East, in one of the best speeches that I have heard in this House, adverted to the fact that during the last year, 1981, our tourism, our manufacturing and our sugar sectors — agriculture in particular, sugar in particular — suffered from the effects of world economic conditions.

I believe that last night the honourable Deputy Prime Minister reminded the public and this House, Mr. Speaker, of the catastrophic effect which sugar prices has had on the performance of agriculture. And the economic Report of the Government points out that Agriculture fell by something like 23 per cent in its contribution to the foreign reserves of this country.

Now it is against that background that any intelligent debate on the conditions of the economy of Barbados must be conducted. What is Barbados? An island of 166 square miles, 250 000 people; smaller than a small town in the state of New York. It is smaller than Cambridge, for instance, in England. And one has to remind Barbadians constantly that we are dealing with an economy which is a mouse.

Mr. Speaker, Sir, there must be a little bit of realism in where we can reach and how we can reach. What we ought to be doing in this House is congratulating — first the generations of Barbadians, who have striven against world international economic conditions to try to maintain and raise the standard of living in the country and, secondly, congratulating this Government in having, in the last five years, doubled the quality of life of the Barbadians....(Applause)..... in continuation of the democratic socialist policy of the great Barbados Labour Party. (Applause)

There is no doubt, no matter how much the Opposition may cavil at the point, that the quality of life in Barbados has improved between 1976 and 1981.

(Hon. Dr. R. L. CHELTENHAM: Dramatically.)
Dramatically.

In 1976, we had about 91 000 people employed. By 1981, there were 114 000 people employed. If we look at the GNP per capita figures in our country, Mr. Speaker, in 1975, the average Barbadian had available to him \$2 824 to spend. By 1981 he had \$6 574 to spend.

If we measure it in terms of the services provided: In 1976 there were 44 000 telephone connections in this island. By 1980, there were 59 000 telephone connections. The number of consumers of electricity in 1976 was 54 541. By 1980, there were 62 000. The money available for long term lending in housing was \$52.2 million in 1975. By 1980, it was \$170.1 million. Ninety-two per cent of all homes had piped water.

And we had moved in education from the position where children were now, not only getting some measure of free secondary education and school meals, but we had even removed the last vestige of the ten cents left on the School Meals Service by the Democratic Labour Party.

In fact, Mr. Speaker, I feel very proud and patriotic to be a Barbadian. And I want here and now to pay a tribute to those dedicated politicians who have come since self Government, striving for self Government from the 1940s right up to today, because the greatest progress in this country has been made since the people have taken the reins of Government into their hands, starting with patriot Sir Grantley Adams and moving right onwards to our day. (Applause).

In fact, Barbados as a small economy has performed better than any other country of its size in the world. And that is why I do not have to look to Cuba for a precedent; that is why I do not have to look to the centrally planned economies for a precedent. The precedent for the Caribbean is right here in Barbados, with the dedication and the common sense of our people.

It is for us in public life to seek to motivate our people more in times of crises. We will not do it, Mr. Speaker, if we keep the chasms and the divisions, and if the two great political parties seek to give the impression that the Government is some monster doing people in; that the Government has set out, by mismanagement, to destroy the economy; when we know that the real facts are that today there is not an economy in the world, including the United States, including the Soviet Union, including China, including Venezuela, even including Trinidad, which is not suffering from the catastrophic effects of the situation beginning with the Vietnam

War and moving, after that, straight into the oil crisis and the other policies followed in the world overseas.

In every facet of our public life there has been an improvement. Mr. Speaker, I will throw out one other statistic for the public. In 1970, there was one doctor to every 1900 people in this country. Today, there is one doctor to every 1300. In terms of the dentists; in 1970 there was one dentist to every 18 300. Today, there is one dentist to every 14 000 people.

Now what we have to do is to make our people understand that in times of crises they must be prepared to make some sacrifices, and they must be prepared to produce more.

In the limited time which I have available in this Budget Speech, I want to concentrate on the future. I am not a pessimist, Mr. Speaker. I am not one of those who at the first sign of problems want to run away from Barbados, or to run away from the problems facing our country.

In fact, one of the distinguishing marks of the Barbados Labour Party, and one of the reasons why people like myself have been attracted to it, is that it has always had the courage to withstand difficult times, to withstand repression and depression, and to fight and to come out victorious on top.

Grantley Adams, in his day, could have run away; but he did not. He stayed and he fought, himself and people like Sir Hugh Springer, Frank Walcott as well and Edwy Talma. They fought in those days.

Some of us can run away, tonight; as a few pessimists want to run away from the position. But we ought not to; we should have faith in the future. And I want to congratulate the Prime Minister for having faith and courage to do three things. One is to speak the truth, to tell the public that it is a hard time ahead — and a hard time for the world at large — and that therefore we must deal with those hard times. Secondly, to make the public understand that all of us have to carry the yoke; and thirdly, to point policies for the future which will deal with some of the chronic situations and isolate ourselves as much as we can.

6.25 p.m.

There is no doubt that this budget is aimed in this way, Sir. For the first time we have had some attempt being made to come to grips with the problems of agriculture. I am looking forward to the full package which is being planned for the future. I heard one honourable Member say that the amount for agriculture is only \$600 000 in give-aways. It is much more than the Democratic Labour Party ever gave away at any time to agri-

culture. The Democratic Labour Party has a sorry history of cutting up the plantations in this country, sometimes for their friends, giving planning permissions and taking vital lands out of agriculture; running down agriculture.

I concede that the Rt. Hon. Member for St. John — I am sorry he is not in his place, and I must wish him a speedy recovery for the service he has particularly given to this country — I concede that he has made a contribution to Barbados. But one of the weaknesses of his contribution has always been the rather infelicitous remark which he made, that he looked forward to the day when he would never see a blade of cane growing in Barbados. That was a serious statement to make, coming from a person in public life, and we are still reaping the effects of that.

Mr. Speaker, had sugar held last year, the honourable Member for St. Michael South Central would not be making any statement in here about balance of payments, because the earnings from sugar alone, had we cut the whole sugar crop, had we produced more in sugar, and had sugar prices been maintained, there would have been no deficit at all in this region of our foreign reserves. Sugar alone.

I ask the Democratic Labour Party, what have you done? I will give you the picture Sir. In 1971 we lost 4 000 tonnes of sugar because of the problems that occurred from burning. In 1972, 12 000 tonnes; 1973, 14 000 tonnes; in 1974, 28 000 tonnes; in 1975, 32 000 tonnes and in 1976, a further 32 000 tonnes. And we lost something like over 12 000 acres of land, taken out of agriculture by a misguided policy of the Democratic Labour Party. But this Government places emphasis on agriculture.

There is no point in Barbadians harping back to the fact that we came from Africa as slaves to work on a plantation. There are white Barbadians who came from Ireland and other parts of England to work as indentured labourers as well. Let us get rid of the hang-ups and understand that the great majority of the land in this country is today now owned by the Government and the people of this country, and we have a duty to encourage people to see agriculture as a proper exercise. It is, after all, the pillar on which the United States economy is built, and we should stop, not only the burning of canes, we should stop the complete inferiority complex of being a slave mentality society and recognise we are now true and free men running this country ourselves. *(Applause)*

That is what I want to hear in here, Sir, and I do not want to hear it necessarily on a partisan stance. People believe that it is easy to go around and preach colour and preach class, and that that is building our

country. It is not. We need truth and we need to cement all the various sectors of our population in order to motivate our country into high productivity. That is what we need, Mr. Speaker. And I have not heard from the Opposition side. I have heard the honourable Member for South Central speaking about this before, but one of the weaknesses in his speech is that he has not looked at the aspect of productivity that is so vital if the country is to maintain its thrust for the future.

I want to congratulate the Rt. Hon. Prime Minister on recognising that one of the most important sectors for the future of this country is energy. Mr. Speaker, in 1976 we produced about 2.8 million cubic metres of natural gas. By 1980, this Government, the Barbados Labour Party Government that you say has done nothing, had increased the production to 5.6 million.

The World Bank Report for 1980 makes it quite clear that Barbados has the potential for obtaining self-sufficiency in oil, as recent estimates have put potential reserves at between 30 and 72 million barrels; and that if we look forward to proper conservation policies, and if we place the accent on attracting capital for monitoring our reserves and going into proper shallow drilling, that we will point to the future in improving our dependence on outside energy resources.

The Government, as early as 1977, recognised this and the Prime Minister in his first and second budgets made concessions for promoting solar energy. We have looked towards a Wind Energy Project. We are looking towards assistance, and we have obtained assistance from the World Bank. The former Minister for energy matters, the Deputy Prime Minister, went about organising different surveys to find out what were our energy resources — a sign of looking towards proper planning for the 21st century.

In manufacturing, if I may move to another aspect, I heard the honourable Member for St. Michael West, and I must say this was not one of his outstanding speeches, tonight. For some reason he seemed to have been put off by being sandwiched between the honourable Member for Christ Church East and the honourable Member for Christ Church West.

He is normally a very good speaker, I do not know what he was afraid of tonight, Sir, but he was off course, unfortunately. And I warn him that if he is not careful, in the battle, that the honourable Member for St. Michael South Central will outsmart him. He should not speak last, he should speak earlier, otherwise he might find himself left at the starting gate.

But even he must recognise that the productive sector in Barbados is being encouraged very strongly by

the Government. I will give the public another statistic, Sir. Exports from this country in 1976 were \$172.5 million. Despite the fall in sugar receipts last year and our problems with sugar, exports by 1981 had reached \$455.7 million, over a 350 per cent increase.

Now, I do not want to hear the honourable Member get up and tell me that this Government is not concerned about doing anything about the productive sector. We are concerned about the major sectors of the economy, and that is why in the Budget the Prime Minister has taken time out to say that he has given incentives in the industrial sphere, to assist in the building of industrial estates and to get the private sector itself more involved in that aspect of the matter. That is why in the last five years we have sought foreign capital from the international financial institutions for the IDC to expand the productive space available for new industries. And whatever the honourable Member may say about people leaving and going to better jobs, the point remains that the IDC exceeded its five year average and exceeded its own statistics in creating jobs during the five year period between 1976 and 1981.

6.35 p.m.

Now, Sir, I want to deal with tourism, because a lot is being said in here about tourism, and one is looking at the decline that took place in 1981. Mr. Speaker, tourist receipts were up last year. And whilst I, like any Barbadian, regret that we had an overall fall of 4.7 per cent in visitor arrivals, I must do so against a background of recognising that we had increased significantly, between 1976 and 1980, the number of tourist beds as well as the number of tourist arrivals in Barbados, and we had also had a corresponding increase in the foreign reserves being earned from tourism.

Mr. SPEAKER: The honourable Member has one and a half minutes in which to wind up his debate.

Hon. H. deB. FORDE: Mr. Speaker, I am indebted to you for reminding me, and I also wish to state that I am going to wind up in one and a half minutes. I am sure what I have not succeeded in covering the Rt. Hon. Prime Minister, in his reply at 8.15 tonight, will deal adequately with, because I have heard no argument from the Opposition which cannot be easily dealt with.

Let me say this, not even in reply to anything said on the other side, but in a sentence probably to my fellow Barbadians: we have a country; we have always had a country. It was not something that came to us only in the Fifties or the Sixties. We have a tradition to preserve it. We can only do this by self-reliance. In the long run it is not going to be the help of the Caribbean Basin Initiative or anyone overseas.

Barbados has been singular in not being well visited with foreign assistance and foreign aid, but we have always had the tradition of pulling ourselves up by our own bootstraps. Let us tonight re-dedicate ourselves to that task, regardless of our political convictions and feelings, in order to preserve our country for future Barbadians. Let us recognise that we, at present, must pay our debt to those in the past and help the old age pensioners; but let those in the future recognise that those of us who carry the yoke and the burden today must share that burden, so that they too will have to pay for some of the benefits that we are creating in our country today.

I congratulate the Government and I hope that the Prime Minister will continue with the Cabinet to motivate Barbadians into greater productivity. If we have to restrain ourselves now in order to leap forward better, then let us do it. The French said, "Sometimes you retreat in order better to advance." We will advance, as the Democratic Labour Party said before, under the Barbados Labour Party, we say, with the recognition that Barbadians must have confidence in themselves and their ability to overcome crises, whether they are international, regional or otherwise. I thank you, Mr. Speaker.

Mr. SPEAKER: The Rt. Hon. Prime Minister wants to make a short Ministerial Statement.

STATEMENT RE INVASION OF FALKLAND ISLANDS

Rt. Hon. J. M. G. M. ADAMS: Thank you, Mr. Speaker, and I thank the honourable Members of the Opposition for affording me this opportunity to make a very short statement, not connected with the matter under discussion.

"Mr. Speaker, as you may know, the Government of Argentina, in defiance of the principles of peaceful settlement of disputes enshrined in the Charter of the United Nations, have put an end to on-going diplomatic exchanges with the Government of the United Kingdom and have today invaded and occupied the capital and the most of the territory of the Falkland Islands, a small territory under British administration in the South Atlantic, whose inhabitants have repeatedly, and virtually unanimously, indicated their desire to retain their present status and form of Government.

"During the day, I have had messages from the Secretary General of the Commonwealth, Mr. Sonny Ramphal, inviting Barbados' support for a united protest against this act of aggression, and from the Prime Minister of Great Britain, Mrs. Margaret Thatcher, informing me that the act by Argentina may have the gravest consequences and seeking the support of the Government of Barbados, in coordination with the other countries of the

Commonwealth, in giving the strongest and earliest possible condemnation to actions, which are destructive of the principles of self-determination and the rejection of force as an instrument of policy, which we have all supported for many years as Commonwealth Heads of Government, and to which the Commonwealth Heads subscribed in the Declaration of Commonwealth Principles in Singapore, in January 1971.

"The Government of Barbados has no hesitation in committing itself to giving full and complete support to any Commonwealth protest and initiative, and in condemning this breach of accepted modern international practice. The liberties of the inhabitants of a small island, not unlike those of the Eastern Caribbean, now stand to be extinguished. Barbados will not stand silent on the sidelines."

Thank you, Mr. Speaker.

Dr. R. C. HAYNES: Mr. Speaker, I rise to wind up this debate on behalf of the Opposition Democratic Labour Party. Firstly, I would like to say that there has, generally speaking, been a very high standard of debate so far, with an absence of personal verbal assaults, and indeed I propose to stick to the best of Westminster Parliamentary traditions in not introducing any new matter whilst I do this brief summing up in a matter of half an hour.

Now, Sir, the last speech I shall deal with first, the speech by the honourable Member for Christ Church West, the former Attorney General. The speech actually did not say anything new. Quite clearly, if he had been following the economic debate in this Parliament more closely over the past month or so, he would not have made that type of speech. And, indeed, I have often contended that his proper place, if he is to be taken seriously, should be on the front bench over there, not deserting the ship of State at the time when it needs him most. So I shall not pursue that speech any further.

The second speech I should like to deal with is the speech made by the honourable Member for Christ Church East Central, sorry, Christ Church East, the honourable Minister of Agriculture. We get confused because of the gerrymandering of the constituencies. I was the most surprised person to hear that honourable Member argue that an injection of \$85 million by the Central Bank into the monetary system of Barbados in 1981 could not have caused any balance of payments problems, bearing in mind that he is already on record as saying that this economy can probably tolerate, from time to time, an expansion of its money supply to the amount of \$7 million to \$10 million without feeling it, but beyond that it would cause significant trouble.
6.45 p.m.

I was also disappointed when he sought to put across to the public — but in a sense I am glad that he did because it is typical of the kind of argument and the kind of rebuttal that you get from the Barbados Labour Party.

The people of this country would have heard me say, as spokesman for the Opposition, that we would not support a policy of wage restraint unless (1), there is protection for the poor and more vulnerable groups in the community; (2) that you must make provision for price controls; (3) that there must be control on the levels of profits and dividends; and (4) there must be controls on the cost of services of all kinds, including professional services — and I even mentioned lawyers and doctors.

Somehow, in a typical type of legal distorted argument, that came out as suggesting that some person on this side made a statement to the effect that we support an unlimited rise in wages. We have clearly stated our position of the relevance of wage restraint. We have pointed out that there are many factors that have to be considered and it is not just simply a matter of saying that you have a balance of payments problem and therefore the way to correct it is to impose a regime of wage restraint on the workers of this country.

I further pointed out that a 20 per cent increase in the purchasing power of the community might well prove to be a stimulus to the economy and I set out the parameters in which that can operate in the substantive speech that I made — and I have no intentions of repeating that now.

He also put forward an argument to suggest that we on this side said that it was a mistaken monetary policy alone that caused the present crisis in Barbados. We were most particular in setting out the background, in relation to the international economic position, early in January this year, where there was a prediction of a balance of payment problem. We established further that the unfortunate monetary policy pursued by Government was a major contributory factor. We also linked that to an unwise bunching of capital projects and indeed to a massive fiscal deficit.

We did not take out the monetary problem and put it in isolation from other areas of fiscal policy. But the force of that argument has made it necessary for me to rebut it. I cannot say that it was a dishonest argument, because it would be against the Rules of this Honourable House, but it certainly did not conform to the usual standards which one got from the honourable Member when he occupied the back-benches of this Parliament.

I think the offence is most regrettable and it is unfortunate that it should have taken place when he was addressing the entire country.

There are two other areas that need clarification as far as the presentation by Members on the other side. I have heard it said that the Democratic Labour Party printed money in this country in 1973 and 1974, and beyond. Mr. Speaker, that remark is not borne out by any information available to us, either here or anywhere else.

The fact is that if you look — and I am looking at the Economic and Financial Statistics, October 1978, Page 1 — at Claims of Central Government — and this is how you pick it up — you will see that the total of those claims at no point exceeded \$28.5 million. And if you look, just for the sake of summary, in Foreign Assets of the Central Bank — the column indicating the total — you will see that at no time did it drop below \$34.132 million.

In those circumstances, Sir, you could not possibly have any printing of money. And in any event, the amount of advances made from the Central Bank to Government, during that period, was in the region of about, very frequently, \$7 million, \$8 million, \$12 million — and I believe the highest figure was \$28 million. So even if all of that was printed money, it could have had no impact on the economy; so it is a non-argument.

The honourable Member for St. Michael Central was unfortunately misled into making a statement and indeed, Sir, what he was really referring to was that when Barbados established a Central Bank, and there was a discontinuation of the use of the Eastern Caribbean currency in Barbados, when that was discontinued, then we had to have, of course, our first issue of Barbados notes. But that is not the printing of money in the economic terms that we are talking about.

Then later on, in honour of the late Sir Frank Worrell, you will recall that there was a \$10 note and \$5 note introduced. (*Asides*) Well, anyhow, another unit of currency was introduced, and the \$5 note carried the picture of Sir Frank Worrell. That was the situation. So there was no question of any addition of the currency notes in Barbados.

There was no question of printing of money and, as I pointed out, the first time it happened was in 1977, and indeed to a disastrous extent in 1982 where payable advances, that is claims on Central Government, including Ways and Means Advances, Treasury Bills and Debentures, reached the extraordinary level of \$172 million. As I said, the highest amount that it reached under the Democratic Labour Party was \$28 million or thereabouts; so I think that will put an end to that kind of argument.

There are a few other comments I would like to make on the presentations from the other side. I think that the honourable Member for Christ Church East Central talked about the doubling of the standard of living of the people of Barbados. I wonder whether he is aware that if you take the average middle-class man in Barbados, and you were to look at what he pays for life insurance, telephone, gas, electricity, water, mortgage payments, house repair bills, instalment on their cars and garage bills, just take a few items, and you see what their earnings are, you will see that there is many a middle-class home in Barbados that would hardly have \$100 or \$150 a week to buy food. It is a simple fact.

Many of our Government pensioners, people who have reached the top of the Civil Service in this country, cannot afford to eat more than one meal a day, and often cannot afford to live in their own homes, and have had to be relying now on subsidies from their children.
6.55 p.m.

I think that the contribution by the member from St. Michael East, in relation to his social development policy, was certainly a valuable contribution.

The one by the Member for St. Michael West Central, who sought to establish that the Democratic Labour Party brought the one-armed bandits into this country, said that in defiance of the Report of the Gambling Commission, which established beyond any doubt — set up by that Government — that the one-armed bandits were brought into this country without the knowledge of the previous Democratic Labour Party Administration.

There are some other points, which I would like to have adverted to, made by members of the other side. But I do not think that they were very substantial so I will not deal with them at the moment.

The other point, and a very good point made by the Deputy Leader of the Opposition, the honourable member of St. Michael South was when he drew attention to the cost of Treasury Bills as a major factor in current expenditure in this year. And he certainly would have advanced that, and if you advance that argument further, you will see that if you reduced interest rates, as we have suggested in one of the proposals that we made when we discussed a way out of the present economic crisis, that you will have some leeway in the area of finding money in order to keep people in jobs.

The honourable member for St. Michael North made a very valuable contribution when he pointed out what has been happening in the public and private sector in relation to retrenchment and the massive losses of jobs going on in both those sectors.

The honourable Member for St. James South contributed substantially to the debate by pointing out that it was a fallacy to compare unemployment figures in Barbados with unemployment figures of developed countries because in many of those countries many persons, who are unemployed, receive substantial benefits. And indeed, in some instances, those who are unemployed, but with large families, might receive more money during the period when they are unemployed than during the period when they are employed.

The honourable Member for St. Michael North West made a very valuable contribution, pointing out that the new problems relating to health alone might impinge very heavily on the \$5 increase to old age pensioners.

The honourable Member for Christ Church West Central made an excellent contribution showing the shift towards indirect taxation and in particular he dealt, precisely, with the impact of Consumption Taxes on the poor; and that that kind of tax regime, which no longer speaks to a redistribution of wealth, but rather to a shift of the burden on taxation onto the poorer groups in the community, needs to be revised.

The honourable Member for St. Philip North made a very eloquent speech and he pointed out major defects in government housing policy and indicated very clearly the impact, not only of Consumption Taxes, but also of other elements of costs in housing, and certainly reinforced the position that I took in my initial reply, that there needs to be a look and see whether there is not a case for the control of certain items in the building industry.

The honourable Member for St. Michael West made an excellent speech. He certainly put the case for the Democratic Labour Party in relation to trade, prices, and the role of the Industrial Development Corporation. He pointed out very substantial defects in those areas as well as many other areas of pricing policy in Barbados.

This debate, Sir, has also brought into question the whole question of high interest rates in Barbados. The member for St. Michael Central dealt with the question of massive losses of money because of the low interest rate regime in Barbados.

An examination, Sir, of the facts will reveal that there are certain areas outside of the banking system where it is known that there are massive leakages in foreign exchange, such as the area of one armed bandits activity, that one factor which might have led to the conclusion that there was a significant leakage in this area was a previous over-estimation of the earnings from tourism, that Government's immigration policies, which came under scrutiny in this Honourable House not so long ago, would have led to a loss of foreign exchange, that they

have failed to promote the principle of localization of ownership in the hotel industry, that there is a black market of U.S. dollars existing in Barbados today, that there are also leakages of foreign exchange in order to purchase goods overseas to circumvent the customs restrictions for the importation of certain type finished garments in Barbados — there is a lot of that activity going on outside the banking system — and, as he may have suggested, some of his friends may be taking money out of Barbados in order to enhance their earnings in respect of interest rates.

But Sir, I would like to say this: apart from those factors, one major cause of the loss of foreign earnings in Barbados has been the money creation by the Central Bank and, indeed, its need to finance the deficit of Government. This, Sir, the question of the financing and closing of that deficit, would depend very much on our agricultural policy over the years, and I think that the tremendous contribution made by the Member for St. Philip South will be remembered for many years, by many Barbadians, as to the direction in which our policies should move.

Now, Sir, in order to properly examine whether the high interest rates in Barbados have had any impact whatsoever on the movement of capital in or out of Barbados, I will invite honourable Members to look at the Economic and Financial Statistics of the Central Bank of Barbados. If you look at the Total Deposits, in respect of the commercial banks, you will find that there has been no decline in those deposits between April and November of last year. In fact, there has been a slight increase.

If you look at the Demand Deposits, on page 27, you will see that there was a drop of \$192 million to about \$172 million. But what is interesting here, Sir, is that you have got a drop in demand deposits directly following an increase in interest rates. That is a most interesting thing. You would expect it to go the other way if indeed your interest rates were having any effect on retention of money within the system.
7.05 p.m.

And, if you turn to page 28, Savings by Depositors, you would see a steady increase in commercial banks savings deposits — it has not been on the decline — so there has been no question whatsoever of interest rates having any influence on those three indices.

When you look, Sir, at Time Deposits by Depositors, you will see that there has been a decline; but that decline, Sir, related more to a decline in respect of Government statutory boards and financial institutions than any other area. So if any one was causing a decline,

it would have to be the Government and the statutory boards under its control.

And finally, Sir, on page 29, I think that it is important to emphasise that if high interest rates were having any kind of effect on the movement of capital *per se* in Barbados, it would have been reflected either in the Total Deposits, the Demand Deposits, the Savings by Depositors or, alternatively, the Time Deposits section here; and there is no evidence whatsoever. In fact, all the evidence is to the contrary.

So, Sir, in concluding, I would say that the Democratic Labour Party has addressed itself to the problems facing this nation. It has done a detailed examination of this budget. It has taken the fight to the Government — it has done so in an analytical manner. It has certainly tried to identify the problems facing the country, and those areas, in particular, where the Budget did not address itself to. I think we have acquitted ourselves in a manner that will leave the country in no doubt that we are fit and proper persons to form an alternative Government, whenever the people wish us to do so.

Thank you very much.

Mr. SPEAKER: We have got to conclude debate on this measure by 9.15 p.m. I propose, if it is the pleasure of this Honourable House, that we take a dinner break of one hour, terminating at 8.15 p.m. We resume at 8.15 p.m. when the Rt. Hon. Prime Minister would wind up his debate. Is there any objection? *(Pause)* There being no objection, this sitting now stands suspended until 8.15 p.m.
7.10 p.m.

On Resumption:

Mr. SPEAKER: This sitting is now resumed. The Rt. Hon. Prime Minister will now exercise his final right of reply.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, as I heard the arguments of honourable Members opposite, I wondered if they were living in the same country as Members on this side and the 250 000 people out there.

In the opening words of his speech, the honourable Member for St. Michael South Central told us how Barbadians are walking about hungry. They cannot eat. We have no money. We are worst off than we ever were. He did not give the names of any hungry Barbadians so that they could be supplied to the honourable Member for St. Michael East, whose administration of the Welfare Vote has been the admiration of all who have ever examined the progress of Social Security in this country.

And I thought to myself, Mr. Speaker, that we really live in strange circumstances. If there is one thing that has characterised the last five years, it is that the Administration of Barbados — not the Barbados Labour Party as a party, because I am going to talk about people who care nothing about our party — but the Administration of Barbados has been more admired, more respected, more regarded, and more held up as an example in the world, not only than at any time before in our history, but more than any other Caribbean territory has ever enjoyed. *(Applause)*

Every single commentator who comes to this island, or writes about this island, tells you, that in the last five years, the achievements of Barbados have been remarkable. *(Applause)*

The only people in the world who say that Barbadians are worst off than they were five years ago, and that the country is mismanaged, and that they are a pack of idiots in the Government, are a handful of persons on the Opposition benches; they, and their misguided followers and, indeed, their lackeys — paid and unpaid — who tout for them; not only in the highways and byways, but sometimes, regrettably, in the columns of the media in this country.

Now, it is possible, Mr. Speaker, that every single international financial agency, every single international economic journalist, that newspapers in Yugoslavia, in Australia, in the Soviet Union, in Cuba — not to speak of countries with which we are more familiar — are all wrong — and that the honourable Member for St. Michael South Central is right. It is possible. It is also possible that the people in a place in Black Rock, two miles from Bridgetown, who think that they are Napoleon, are right; and that the hundreds of thousands who view the tomb of Napoleon every year in Les Amboledé are wrong. It is possible; but I do not think that it is probable or accurate.

I would like to know, who are the people that live in this strange country walking about hungry, and yet spent \$42.5 million on foreign travel during the year 1981? Since hunger was mentioned, I would like to know who are these quarter of a million people who spent \$40 million on locally produced chicken last year, \$10 million on imported chicken, \$16 million on high quality imported beef, and not counting the \$3 million corned beef, \$2.5 million salted beef and so on. I would like to know who are these hungry people.

I am not saying that all is rosy in the garden. Barbados, by the standards of the United States and of Western Europe, is a poor country. But, by the standards of five years ago, we are no longer such a poor country. That is the point we must understand.

We are a country whose utilities now embrace the entire island. We are a country where almost every family, on average, owns a motor vehicle of some sort. We are a country with the highest proportion of telephones in the developing world. And above all, we are a country whose achievements in the economic sphere have been widely recognised by independent and impartial observers. That is the whole point.

You have to be very careful, when you come to estimate the truth of plausible sounding arguments, when you realise the enormous interest the people who put forward these arguments have in presenting the truth in a less than favourable light.

Now the speech of the Honourable Member for St. Michael South Central was not unfamiliar to me before it began. I have been reasonably familiar with that speech since November, 1981, when a young man, who was formerly a junior employee at the Central Bank, and is now a relatively junior employee of the University at Cave Hill, gave a lecture at the Democratic Labour Party's Academy of Politics.

This lecture apparently had an enormous effect on the mind of the honourable Member for St. Michael South Central. He got out of it concepts and phrases which, in the three and a half years he has been in the Honourable House, we have never heard him use before — even when circumstances, very similar to those which he describes, had arisen; both during the regime of the Democratic Labour Party and, previously; during the regime of the Barbados Labour Party.

This speech made by Mr. Howard had a number of phrases, since made familiar. I will make it a paper of the House:

"Given a fixed exchange rate and a stable demand for money, the balance of payments deficit of 1981 has been caused by excessive money creation."

I am quoting, I believe, both from the speech of the honourable Member and from the paper by Mr. Howard. It goes on:

"Wage restraint is irrelevant as a solution to the present problem."

8.20 p.m.

Then a little later on,

"In 1977, the \$41.7 million rise in Central Bank credit to Government, and the \$37 million extension of credit to a Government Department, the Sugar Industry Agricultural Bank, led to a 24.7 per cent injection of base money into the system. This credit expansion was the proximate cause of the balance of payments deficit."

It goes on:

"In 1981, the proximate cause was a heedless expansion of credit by the Central Bank to finance an unusually heavy Government Capital Works Programme in the first half of 1981."

The paragraph on page 13, I would advise honourable Members to read it so they can see how well the honourable Member for St. Michael South Central has learnt his homework since November 1981.

I am going to hand the textbook to the Clerk of the House and he can keep it in the archives of the House for future generations to compare the economic time lag between Mr. Howard's speech at the Democratic Academy of Politics. I believe he is effectively the lecturer in Economics at the Democratic Academy of Politics, as well as being the economic adviser, mentor, tutor, schoolmaster and speech writer, to somebody, Sir, on the other side.

Now that would not be so bad if Mr. Howard's basic thesis as well founded, because after all, there is nothing wrong with plagiarising somebody else's ideas if you acknowledge the source publicly, and put them forward as a wise approach to a problem with which you are seeking to deal. There is nothing wrong with an honourable Member obtaining advice, even if he has to pay for it, and using that advice as the basis of a speech in the House of Assembly.

If, however, the advice is ill-founded, the honourable Member may find that he has put himself into a morass from which it is very difficult to extricate himself, since he may not have the intellectual depth or theoretical knowledge to explain away difficult comments, difficult questions and answers given by other people, in a sense contrary to that of the mentor.

Mr. Howard is not in here to whisper in the ear of the honourable Member how to handle particular problems, otherwise the honourable Member would not have got himself in the absurd situation of attempting to contradict the perfectly truthful and accurate comment made by the honourable Member for St. Michael Central to the effect that money creation is nothing new and was practised from the day the Central Bank opened, as indeed I will deal with later on. I do not think Mr. Howard would have told the honourable Member to appear to try to get up on a spurious point of order so as to make people believe that the honourable Member for St. Michael Central was inaccurate or did not know what he was talking about.

But I want to talk about the macro economic approach of Mr. Howard's interpretation of taxation and monetary policies in Barbados. The first thing to

understand is that they are shared by Mr. Howard alone. I know of no other reputable economist who believes that the money supply and money creation is the only determinant in the balance of payments.

And to his credit, the honourable Member for St. Michael South Central took good advice between yesterday and today and came back this evening and acknowledge, in his reply, that he was wrong in putting all the weight on money creation in his opening remarks. I think he deserves some credit for flexibility of mind. I do not think it reveals a grasshopper mind to jump from one point to another with an interval of only 24 hours — I think that it reveals a wide and handsome approach to the intellectual problems presented by being a Shadow Minister of Finance with very little real knowledge of the theoretical background.

Now the monetarist theory of economic behaviour is associated with the name of Professor Milton Friedman. Professor Milton Friedman is perhaps the most conservative economist that the world, in a sense, has ever seen, because people have been conservative before, but he is conservative at a time when a variety of other views are open to him. Professor Milton Friedman, universally described as the arch economic conservative, even in conservative newspapers, is the *Deus ex machina* of the monetary theories that are running rampant in the United Kingdom and, to a lesser extent, in the United States.

In one or two Latin American countries, the application of Friedman's policies destroyed the countries pretty thoroughly; they ended up with even more total unemployment than exists in Great Britain.

In Great Britain, Friedman's theories on monetarism — broadly speaking, Sir, he says the money supply controls everything, and every economic phenomenon can be given an explanation in terms of movements in the money supply — were adopted by the monetarists, the dyes in Mrs. Thatcher's Cabinet, and within one year, I suppose, added half million to unemployment; and have now pushed unemployment in Great Britain up to the three million mark.

The Conservative Party of Great Britain, with its instinct for electoral survival, will undoubtedly ditch Friedman before the next election. At least they have shown a lesser flexibility than the honourable Member for St. Michael South Central who, I have no doubt, will ditch Friedman and Howard before the House comes back next week.

But the essence of Friedman's policies is that they need to control economic excess and economic difficulty by reducing purchasing power in the hands of the public, principally by causing unemployment.

For what it is worth, it is not possible for a reputable economist, or anybody who knows anything about economics, in the same speech to say that you must control money creation to the Central Bank and that you must increase purchasing power by 20 per cent. Nobody who understands economics can put those two statements forward together, because they represent diametrically opposed poles of economic theory.

Now, Friedmanism, Thatcherism, Reaganomics are all the same thing, and now apparently we have to add 'Demonomics', if this is what they are going to be in terms of Barbados.

A part of the honourable Member's analysis was consistent. He spoke about a downward trend in Government expenditure. That is consistent with Friedmanism.

However, I know no way of effecting a downward trend in Government expenditure that does not have an effect on employment. We are doing it now, Sir, and honourable Members are saying in the opening speech that you must do it, and in later speeches that you must not do it, because it is affecting employment. You are laying off people — that is a complaint — but on the other hand you are told you must spend less money.

The Government does not buy one single bag of cement for its own sake, the Government buys a bag of cement to employ a mason and a mason tender. The Government does not buy one typewriter to sit in an office. It buys a typewriter to employ a Secretary.
8.30 p.m.

The Government has no way of reducing expenses without laying off people. That is something that has to be understood. When you say stop a project, you mean not only do not buy the equipment to carry out the project, you mean do not employ the people to work on the project. When you say that there are too many capital projects, and you should not have had so many, you mean you should not have employed so many people. When you say you should not have had Heywoods, you mean that 400 people from Speights-town, Mile-and-a-Quarter, and other places that you know well, Mr. Speaker, as well as neighbouring parishes, should be sitting down home sucking salt. That is what you have to understand. Don't mind the fancy words in which these arguments are dressed up. That is what has, as a corollary, to be taken with these fancy arguments.

Now the honourable Member for St. Michael South Central has only been talking about printing money since Mr. Howard's paper. It is as if history began in November, 1981.

This morning I asked the Governor of the Central Bank to obtain for me details of all Central Bank credit to the Government since the Central Bank opened.

The Central Bank first began preparing a money supply in the early part of December, 1973. In that month, Barbados' own currency was introduced; this is what the Governor told me. It is therefore not easy to say that there was any increase in Central Bank credit to Government for that year, because that is the base year — indeed the base month.

The Governor attended the House this afternoon, he presented himself with several graphs, prepared by the research staff of the Central Bank, showing the movements in the Central Bank credit to Government. I am going to exempt the year 1977 for a special reason which I will explain.

The percentage of Central Bank money creation as a percentage of Gross Domestic Product was at its greatest in the first full year of operation, 1974. In that year Central Bank money creation — I do not use the phrase printing of money, but I hear it — amounted to \$17 301 000. It was 2.4 per cent of the GDP, and in that year, when the Democratic Labour Party was in power, 38.8 per cent of the Government's deficit was financed by Central Bank credit.

Now the honourable Member is saying that it never happened before this year, and that even if it happened before — because he qualified himself tonight — that this is the worst year. In this year, the increase in Central Bank credit to the Government, the credit created over the twelve month period, was \$21 899 000. It represents 1.18 percent of the GDP and it represents only 12 percent of the Government's deficit — in other words a third of what it represented in 1974.

Like anybody who has an overdraft, the Government's liabilities to the Central Bank vary from day to day. Everyday they come on my desk, I read them, I compare them with the day before and with the 12 months before.

Anybody who has a business, and a bank account, knows that at the end of the month he has very little cash because he has to pay wages, and then the money comes in. He may be selling something and he gets a big payment, his overdraft rises, then he gets money and his overdraft goes down.

There is only one coherent way in which you can measure Central Bank credit to the Government or the printing of money, as the honourable Member is pleased to describe it. You must take a period which contains, within itself, all the elements of seasonality, and compare it with a light period.

The Central Bank's base is the calendar year rather than the financial year. I happen to think that it would

be a little bit more convenient if it were the financial year for a number of reasons, one of which is connected with the same year 1977. But the Central Bank works with the calendar year and the Government works on the ancient year, because long ago New Year's day used to be April 1, and it was only changed, officially, 200 years ago, and many Governments around the world never changed from the financial year to the calendar year, the Government of Barbados being one.

The Central Bank's figures which the Governor produced to me this afternoon, and I very sincerely trust that the honourable Member for St. Michael South Central who sings the praises of the Governor of the Central Bank so abundantly, when it suits him, will not now criticise the Governor, or question his integrity, for coming personally to the House of Assembly to produce figures which so soundly, deeply and profoundly contradict the entire argument of the honourable Member, prove that the honourable Member's arguments are without a shred of truth or validity. I hope that the integrity of the Governor will not now be called in question by the honourable Member, who has so often pleaded him in argument.

In 1975, the Central Bank credit to the Government declined by \$7 million. In 1976, it rose by \$13.5 million.

Now, in 1977, over the 12 month period it rose by almost \$45 million which is the largest rise ever on record. But there is a reason for this — it is purely an accounting reason. That is why I said 1977 is an unusual year.

At the end of 1977 there were two amounts of money to the Government's credit which the Central Bank was holding, but which it did not pay over to the Government. One was \$US12 million which we obtained from the International Monetary Fund, and which we are still repaying, and the other was \$US10 million, which we got from the Government of Trinidad. And if you add the two of those together you will see that they virtually cancel out the appearance of there having been \$45 million in the printing of money that year. By January the money was paid into the Government's accounts and that figure disappeared.

That is why I say it was an unusual year. But it is also illustrative of the fact that you cannot pick up the Central Bank Report for one day, and look at a figure, and say that that represents some concept known as the printing of money. Effectively, in 1977, if you had waited a week more, you would have found that there was only \$900 000 of money creation.

In 1978, the Central Bank credit with the Government declined by \$33 million. In 1979 it rose by \$28.7 million.

Now if the honourable member wanted to find a year and he will not find these figures in the Central Bank's Statistics in any given table; he would have to know how to go through the tables to take from the total advances the total assets of Government in the Central Bank, and he would not in fact get them; perhaps I will have a table made of this to help the honourable Member and Mr. Howard in the future — but if he wanted to pick a year where Central Bank credit to the Government was at a high level, he would not pick 1981, he would pick 1979; because the percentage of GDP, represented by Central Bank money creation, was nearly twice what it was in 1981. The amount of money was more. It was 28.7 million, and it represented no less than half the Government's deficit for that year as opposed to only 12 per cent of the Government's deficit for this year.

So if you wanted to pick a year in which, on the face of it, you could say, "but why did the Government print so much money last year", to use the honourable Member's phrase, you would have to pick 1979.

But there is a very good reason why the honourable Member's school master did not put 1979 into his mind, because 1979 is a very fundamental contradiction to the theory which the honourable Member was putting forward. The year 1979 is the year that proves Friedman, and the others, wrong.

In 1979, despite money creation of more than 2 per cent of the GDP, despite the fact that more than half the Government's overall deficit was financed by money creation, the foreign reserves rose by \$31 million and Barbados had one of its most successful years, a year which enabled the Government to give civil servants a 38 per cent raise at the next wages negotiations, and enabled us all to take a decisive step forward, a step up the economic ladder.

That year is the fundamental contradiction of all the letters which the honourable Member has written to the newspapers, either in his own name or through the pens of others, over the last three or four months, and all the speeches which he has made on every subject under the sun in the House of Assembly, but all of which contain some reference to the printing of money.
8.40 p.m.

That is why, Mr. Speaker, those who have to administer the system cannot follow the theory of a young economist, wet behind the ears, and a young politician. We have to try to work out for ourselves what

are the real determinants of a balance of payments drain in Barbados.

Now, I have said right out that countries pay for economic difficulties, whether self-caused, or whether induced from outside, in three different main ways — in fact, almost exclusively in three ways — you pay in inflation, you pay in unemployment or you pay in the balance of payments.

In Barbados, we are takers of prices, as the honourable Member said, and therefore we have to accept a degree of inflation. There is no monetary or fiscal policy which the Government can follow to bring inflation down below the level of inflation of our main trading partners. We are too open an economy, so the choice is between reducing domestic demand, by means of unemployment, and between pursuing policies, which will maintain domestic demand, but contain with them sufficient export levy overall growth to stabilize the balance of payments.

It is inconceivable to me, Mr. Speaker, that any serious human being, with a capacity for adding one and one, when he sees that there was a foreign exchange gap in Barbados in 1981 of 41 million, and when he hears that sugar receipts fell by \$40 million during the year, would want to tell you that it was not the sugar receipts that caused the foreign exchange drain, it was how many Treasury Bills were owned by the Central Bank. That is the very mid-summer of madness.

I am not going to do as the honourable Member did, and quote five different poets in three minutes. The few phrases that I am going to utter, Sir, will be related to the subject of my speech. But I feel constrained to return to a quotation of mine quoted by the honourable Member for St. Michael West, reminding me of what Benjamin Disraeli said on a classic occasion. But the honourable Member did not go far enough. What I said in 1974, was that Disraeli said that there were lies, damn lies, and statistics, and statements made by the honourable Member for St. John. I wish to amend that quotation; and, in this regard, I will gladly allow the mandate of the honourable Member for St. John to fall on the honourable Member for St. Michael South Central.

Now, the honourable Member made a few mundane points. I really cannot say anything more about the printing of money, Sir, I really cannot. It is part of the financing of Government. That is what the Central Bank is all about. The phrase "printing of money" is only a pejorative phrase — a phrase designed to catch the public's eye, a public relation's phrase. Public Relations advisors put that kind of phrase into your mouths and they tell you to use it all the time — the public will talk about it. Use it all the time.

The best public relations advisor, in this regard, was one who eventually went and poisoned himself. He choked on his own lies. His name was Joseph Goebbels, because he was the one who invented the technique in a politician of continual repetition of a concept. True or false, it did not matter. What mattered was that it was damaging to our enemies. Repeat it and repeat it and, sooner or later — this is the doctrine of a big lie — and it will be accepted.

A few more mundane things. Unemployment. I will deal with unemployment because this has attracted the attention, not only of the honourable Member, but Mr. Frank Walcott and other people who question, how is it that unemployment can decline in an economy that is in recession?

The fact is that first of all there is a time lag. Service industries are not all that elastic in relation to employment. The Government is the biggest service industry. Look how inelastic Government employment is. First of all there is a time lag, but secondly, the economy of Barbados is not in general recession. Its export sectors are in recession, but its domestic sectors, even, Mr. Speaker — and despite the speech of the honourable Member for St. Philip South — non-sugar agriculture. Its domestic sectors are relatively buoyant, that is the service sector, construction and non-sugar. These are the employment generating sectors in Barbados.

The Government, by its capital works programme, and general loosening of the bonds of retail trade, has enabled these sectors to maintain high levels of activity and hence high levels of employment — even though there is a recession in the export sector.

Inevitably, the recession will become more general and I, personally, unless things change in the outside world, expect that it is very unlikely that unemployment will decline again this year, and I hope I am wrong. But I could not promise anybody that we are going to bring unemployment, by the end of this year, down to 8 per cent, as we brought it down two points last year. That answers that.

The other general point which the honourable Member made is about the unemployment statistics. I am glad to see that we are more or less now accepting the statistics. I accept them, Sir, because it is my duty to accept them. It is a recognized method instituted by one political party, carried on by another, and my advisors have those figures to go on — and I should not speculate as to what unemployment really is. But, for myself, I repeat that unemployment in Barbados is running at about two points below the official figures. It is a personal opinion, Mr. Speaker. It is not the opinion of

the Minister of Finance. It is the opinion of the honourable Member for St. Thomas, on the basis of a casual observation.

The fact that on the night of a census, when there was no question of voluntary idle and everything else — everybody was asked if they were working and more mundane questions were asked of them — unemployment on that night was discovered to be about a little over 9 per cent — when everybody in Barbados was actually asked — where in a sample it showed up about 11 per cent.

And the statisticians have no large basis on which to take this bias out of the figures, but there is no doubt that many self-employed people, particularly artisans, do say that they are not working when they are asked by the people from the Statistical Office, because they believe that if they say that they are working they will have to pay National Insurance and Income Tax. And there is a little evidence on that; I would not go too far into it.

Another small point — the understanding of the rate of inflation by the honourable Member for St. Michael South Central. Now, Mr. Speaker, there was a public opinion survey in Britain during the month of February and over 60 per cent of the people surveyed thought that when the rate of inflation falls that prices get lower. Now this is a heresy — it is foolishness, it is ignorance. And the fact that 60 per cent of the people believed it, means that the Press has not been doing an adequate job in explaining to the British what it means.

Now, I expect that in the ranks of people who are not interested in economics. I do not expect it in the Shadow Minister of Finance, Sir, not ignorance, not plain arithmetical folly. I never said, nor do the figures show, that prices only rose 0.2 per cent. What happened during the years is that the rate of inflation only rose by 0.2 per cent.

I was very disappointed in the honourable Member for St. Michael South Central, to think that he, after two and a half years as Shadow Minister of Finance, did not know the difference between the rate of inflation and inflation itself.

Prices rose in Barbados last year, on average, 14 per cent; point to point, 12.9. These are the facts. And the honourable Member committed the heresy of talking about the 0.2 per cent. I was ashamed. I felt for him, Sir. I would not like a foreigner to read that debate and think that we have so ignorant a person as Shadow Minister of Finance, who does not know what the rate of inflation is. 8.50 p.m.

I will not deal with the 40 000 new jobs and the 25 000 new jobs. Honourable Members on our side did speak of 25 000 new jobs. We chose a point which was favourable for our argument. We chose the point when there were fewer citizens working in Barbados than at any other time in the last eight years. There was a point in 1975 when there were 78 000 people working. There was a point in 1981 when there was 103 000 working. The difference between 78 000 and 103 000 is 25 000. If honourable Members cannot point that out; well, I cannot help it. But it is a fact. It is a fact that there was a point under the Dems when there were only 78 000 people working and at the present time there are 103 000. That makes 25 000.

During an election campaign honourable Members had a duty to put their party's case the best they could — and that is how they put it. And the way we put our case was appreciated.

I want next, Sir, to deal with the question of the one-armed bandits, before I go to more serious points which is the debt service and the interest rates.

One of the most persistent of the charges that has been going around Barbados for years relates to one-armed bandits. And if I had never admired the honourable Member for St. Michael South Central, I have to admire him for the determination with which he has stuck to the issue of one-armed bandits, when you consider that he is the only Member of this House of Assembly who has ever derived, to my knowledge, any profit from the operation of one-armed bandits. He is the only person who has ever had any connection with one-armed bandits, that I know of.

I have here a whole page of photostats of cheques paid to Heymill Investments, of which the honourable Member was a leading shareholder. And the names at the bottom, Anthony Wright.... (Asides)..... No these cheques were drawn May 16, 1975; March 22, 1976; February 11, 1975 and January 7, 1976. All of these cheques were paid by a one-armed bandits company to a company in which the honourable Member is a major shareholder, in respect of rent for a one-armed bandits arcade in Nelson Street. And I have seen the manager of the arcade with my own eyes — the actual operator of the one-armed bandits — in Quaker's Road, Carrington's Village, setting up a platform for the honourable Member for St. Michael South Central to speak from. And I actually stopped, and I said to him "Castro, you mean you are putting up the platform." I said that to him. And yet this is the honourable Member, of all of us, he is the one who talks about the one-armed bandits.

Now he mentioned a place called Chalco Investments in the Turks and Caicos Islands. I have had investigations made about the entire little episode of name

dropping by the honourable Member. There is a company called Chalco Limited in the Turks Island. It is known to the Betting and Gaming Committee. It unsuccessfully attempted to buy a share in a company that operates gaming machines in Barbados. The major shareholders is Labrook Limited of London. One of the minor shareholders was also a shareholder in a company that at one time used to rent the property in Nelson Street from the honourable Member and his associate. Perhaps that is how the honourable Member knows the name Chalco Investments, perhaps.

It did not succeed in obtaining any investment in the machines in Barbados because, despite everything he has said about the outflow of foreign reserves, of foreign earnings and cash, there is still a strict rule that nobody can have control of a gaming machine operation in Barbados unless he is a citizen or permanent resident. And I am informed that all the owners of machines in Barbados are citizens of Barbados.

In the case of one of the signatories to the cheques to the honourable Member and his company, he is no longer in the business, he is no longer in Barbados, and I must say that I was not sorry to see him go.

A Royal Commission has sat on the question of money going out of the island through the one-armed bandits. Its chairman was the Dean of St. Michael Cathedral, the Rev. Harold Crichlow, it contained other clergymen, it contained Mr. Basil Forbes, and it found no evidence that there is any leakage of foreign exchange from the one-armed bandits. The Central Bank, in general, is asked to monitor this matter, the Comptroller of Customs is asked to monitor this matter and we continue to find no evidence, because the mere say so of the honourable Members for St. James South and St. Michael South Central, that money is going out of the island, is not yet evident, Mr. Chairman.

Never mind, Sir, I had to sit down in court one day and see the honourable Member send a young man — he talks so much about youth — to jail for trespassing in Sunset Crest and had to whisper in his ear, before he involve the Government in a case of false arrest, that there is no power to send people to jail for petty trespassing. Never mind that. Never mind he has involved the Government in a whole set of money by sending somebody to jail when he had no power; never mind all that. I still do not believe that he would say that there is evidence that money goes out of the island in connection with the one-armed bandits.

I want next to deal with the hotel manager who was arrested in London. A most careful investigation was made of this during the day. There is no senior employee of a hotel, recently in Barbados, who is known to have been arrested in London. A very senior employee — a

manager, in fact — of a very well known hotel is under investigation, both in London and in Barbados. Up to today — I called for enquiries to be made in London — he has not yet been arrested.

But a very significant point is that he has absolutely nothing to do with one-armed bandits. The hotel has no bandits; he has nothing to do with them.

He does have something to do with an outflow of foreign funds, so it is alleged. I understand that one of the charges against him is that he was converting foreign funds for his own use and these funds were being purchased by a solicitor, who, apparently, has formed a company for the hotel manager, and sent out of the island.

The solicitor has since been dismissed from a very well-known firm of solicitors. He has also been dismissed from the service of the Central Bank. And auditors are, as of now, checking to see if some of the funds, which is alleged to have been stolen from Cottle Catford, were, in fact, sent out of the island by purchases from this hotel manager, from the foreign earnings of this hotel.

Let the honourable Member for St. Michael South Central ask the honourable Member for St. James South for the details. He is perhaps right in saying that the gentleman is concerned with the outflow of funds; but not, Mr. Speaker, anything to do with the bandits. He is nothing to do whatsoever with the bandits.
9.00 p.m.

Enquiries were made today at the Ministry of Finance in Antigua and the Ministry of Finance of Antigua informs me that there is no Emerald Isle Casino in Antigua. There are two casinos in Antigua — one is called Castle Harbour and one is called The Halcium Cove. Pure mischief on the honourable Member's part.

Enquiries were made today, of all persons connected with gaming machines, to see if there is any evidence of purchase of a hotel in Puerto Rico. It was revealed that one owner of gaming machines was formerly married to a Puerto Rican lady, who owns a small ten room guest house semi-motel in the Dominican Republic — not in Puerto Rico. She owns this hotel — if you call it a hotel, Sir, — she is now divorced, and she lives there.

I daresay that the honourable Member with his propensity for listening to mischief and, perhaps, repeating it, translates the marrying of a lady and a guest house to the buying of a hotel in Puerto Rico. The marrying of a Puerto Rican lady and a guest house in the Dominican Republic is equivalent to buying a hotel in Puerto Rico. I know there are a lot of Barbadians who might be glad to get a hotel by marrying a lady overseas that has one.
(Laughter)

There is no First National City Bank of Miami. The First National City Bank of New York, under American law, cannot operate domestic banking branches outside of the State of New York. The honourable Member perhaps, can ask an absent Member of the Opposition if he knows of the First National Bank of Miami. That perhaps, is what has put things into the honourable Member's mind.

But I would say this: you know, Sir, it is very easy to come in the House of Assembly and, on television, and make a statement that appears to involve people. Just call the name of a bank, First National City Bank of Miami.

Now somebody rang me, some months ago, and asked me if I knew that the Member for St. John — calling him by name — had a bank account at the First National Bank of Miami, Airport Branch. As it happened, I knew. The person said that he had seen some cheques that he drew on it. I did not tell the person he was mischievous, because he thought he was being helpful.

The point is this: it is perfectly possible to have a bank account overseas and not be wicked. The Leader of the Opposition lived and worked in Miami, when he was Prime Minister for three months in 1973. Obviously, he would have to have a bank account.

I have a bank account in New York, First National City Bank, 2nd Avenue at 42nd Street. I got it, I believe in 1964, before I was a Member of the House. I got it for a legitimate business purpose and they put a limit on it of \$500. And I have never even asked to have the limit raised. When it goes above \$500, I have to bring the money back to Barbados. I checked it this morning, it has in \$199.

But somebody, sooner or later, is going to say, "the Prime Minister has a bank account in New York." Sooner or later, I am going to hear that.

The Prime Minister and the Leader of the Opposition, to my knowledge, have lawful bank accounts overseas. I only wish I had more than \$500 to put on it, Sir. And I believe there must be many Members of the House who are also in this position.

This is what comes of thinking that these remarks will gain some sort of political credit.

Now, I have not come in here to make a speech for the market square, Sir, so I have to deal with serious points. The question of interest rates. Undoubtedly, all Barbadians are concerned about interest rates, and the debt service question is closely linked to the question of interest rates.

Mr. Speaker, we tried, for several years, to keep our interest rates down below those prevailing overseas. In 1973, this was the cause of a great outflow of foreign funds, into sterling at that time, and the creation of the Central Bank and the Exchange Control Authority had to be hurried on at that time.

We estimate that a good amount of money has gone, legitimately, out of the island, or legitimately not come in to the island, because of the differential in interest rates. We have fought against it. Eventually, we have had to put up our interest rates because, in the face of the outflow of foreign funds, in the face of high interest rates abroad, and low interest rates in Barbados, we considered there was too much pressure on the balance of payments.

I am in a peculiar position because I do have some knowledge of lawful movements of money. Movements of money above \$250 000 have to be referred to me, although the Exchange Control Authority is the Central Bank, for all major purposes. And I can tell you, Sir, that in the last year and a half, or two years, people that have kept money in Barbados, foreigners for ten, fifteen years, have been sending money overseas.

One foreign business that has never sent money out of Barbados made application to send sums out of Barbados and, of course, the application had to be granted. The reason clearly is that they could no longer accept 7 per cent or 8 per cent in Barbados if they could get 16 per cent, 18 per cent and, indeed at that time, 21 per cent overseas.

If you want to destroy the balance of payments, one of the ways of doing it is to try to keep the interest rates down in single figures. Another way of doing it is, of course, to increase purchasing power by 20 per cent.

The debt service is very closely related to these interest rates, that is, the amount, of money that it costs to service the National Debt. But, Mr. Speaker, one has to remember, take January, for example, that of the National Debt, \$85 million is held by the National Insurance Board, \$5 million by statutory boards and \$85 million by the Central Bank itself. So when the interest is paid that Members are complaining of, the high debt service ratio, it is going to the National Insurance Board to enable it to pay pensions; it is going to the statutory boards to reduce the amount of the subventions to their boards, and it is going to the Central Bank where it will make its way into profits and come to the Government, sooner or later.

The Government has just, in the last few days, received \$6.5 million from the Central Bank by way of

profit during the previous year. That \$6.5 million has given our outturn figures a much more favourable look than they had even on Wednesday, Sir, and represent, pretty directly, the increase in debt service costs, because the more money the Central Bank creates, the more the Government is going to pay the Central Bank by way of interest. I have not perhaps, got time to deal with that in any great length.

I want to deal, before I close, Sir, with speeches of one or two other honourable Members. The honourable Member for St. Michael South, he made a most fluent speech. He really put his colleague to shame by the mellifluity of his phrasing, the ease with which his words came out, the ease which he showed before the cameras — but I wondered what he was talking about. (*Laughter*) And then, I realised he was talking about the water rates and the entire purpose of that speech, which would have won him a presidential election at the Oxford Union, was to explain that it was not he who raised the water rates, it was Dr. Caddle. I thank the honourable Member for his explanation. He must feel very happy to be able to put the blame on poor Dr. Caddle, when Dr. Caddle is no longer with us to answer.

The honourable Member for St. Philip North in a more sober speech, except in the last minute — I think, Mr. Speaker, really should have told him sit down; he should not have given him the last minute — but in a more sober and sensible speech he spoke about housing — that Government should bring in the new technology. I do not agree with him but, at least, it is an idea.

He mentioned local sand; the price needs controlling. The price of local sand and a new regime of local sand will shortly be announced when the Mining Bill comes to the House. The Honourable Member's point is well taken, and it has been made, over and over, from the time we were in Opposition, by the present honourable Member for St. Andrew.

Unfortunately, he threw himself away, by saying the surcharge on corporate profits will percolate to the man in the street because it will be passed on.
9.10 p.m.

Almost the only thing that cannot be passed on is a surcharge on profits. There is no way that you can predict what profits you will make in such a way as to allow you to pass it on. I just mention that for the honourable Member. Stick to the subject with which the honourable Member is familiar.

I cannot tell that to the honourable Member for St. Philip South, since evidently from his speeches in here there is no subject with which he is familiar. (*Laughter*) I would be glad to answer his speech, but I could not understand it, nor, I think, could the public. At one stage he said prices

should not go up, and at the other stage he said that the prices of tomatoes and cucumbers were too low.

I want to answer a serious, but wrong, point made by the honourable Member for Christ Church West Central — the Consumption Tax was just a shift from the Sales Tax. But there was a two year lag, in which Barbadians got much richer.

And Wendell McClean, with whom I do not always agree, but I listen carefully to his contributions on the National Economic Council and read what he has to say, he has pointed out that, under the Democratic Labour Party, the incidence of tax on consumer goods by way of purchase tax, whether Sales Tax or Consumption Tax, is greater than it is now. Go and look at the figures.

The abolition of the Sales Tax was a benefit for Barbadians and the Consumption Tax replacement has not taken up the whole amount, because in many areas the Consumption Tax was reduced when the new regime was brought in. More items were brought into the net, but some of the rates were reduced.

The honourable Member for St. Michael North West spoke about what he knew. I am glad to hear that notwithstanding what he said about the Health Service, he is joining it very shortly.

Upon hearing the speech of the honourable Member for St. Michael West, I had to come to the conclusion that his entire contribution to public life in this country consists of reading out the prices of salt fish, matches and corned beef every time the television cameras come to the House of Assembly. If we had the television cameras in here every week, there would be no need to have the other consumer report. (*Laughter*)

The honourable Member for St. Michael North, he managed to compliment the Government on the high level of employment while we still laid off staff, and he spoke about wage restraint.

I am not going to spend a great deal of time on wage restraint, except to appeal to the commonsense of the people.

Everybody knows that if a man has more money, he will spend more. Everybody in Barbados knows that most of the things you buy come from outside. And yet there is a body of thought which, for political purposes, says that if you give people more money it will have no effect on the balance of payments. All I can say is that it is foolishness, there is no other argument I could use.

No amount of economics can make Barbadians, who give the matter some thought, believe that if you give a man 20 per cent more, that he will not buy another brandy and Nutrament. People want money to buy things. We are not sufficiently a savings society. We are to some extent, but not sufficiently. Once you accept that, you accept that there is some level of wages beyond which increases should not go.

From the political point of view I would like to be able to say tomorrow that everybody's wages are doubled, and the Barbados dollar would equal the U.S. dollar.

If I said that, the honourable Member for St. Michael South Central would not even run in an election held within a month of taking such a decision, because obviously it would be politically popular.

Therefore the Government wants people to get more money — we must. Everybody wants people to get more money. So if I say that we need wage restraint, I could not possibly be saying it out of anything other than conviction.

Once you understand that there is a level of wages beyond which the country cannot go and afford it, you realise that the Government has to use its judgement, from time to time, to determine what that level is. Opposition politicians will tell you there must be no wage restraint because they are catching at popularity. The Government knows that there is a point where the country will be ruined, and we were put here by the people to judge that point.

The contributions of honourable Members on this side, Mr. Speaker, have been well summed-up in the speech of the honourable Member for Christ Church West. I particularly admired the analysis of the honourable Member for Christ Church East, the Minister of Agriculture. Honourable Members took the opportunity to set out in very clear detail, departments which they serve, and in the case of the honourable Member for St. Michael Central, to demolish the arguments of the honourable Member for St. Michael South Central.

We have had a very reasonable debate, Mr. Speaker. The only thing that I really was disappointed in was the proposals of the Opposition in relation to what they had promised. We heard the honourable Member for St. Michael South Central say that certain proposals for advancing the country would be made, and the summary of his proposals was that there would be a 20 per cent increase in purchasing power — the worst possible solution to the country's economic problems.

One person, far more distinguished than myself, or the honourable Member, and far more significant, managed to feed large multitudes with five small loaves and a few small fishes. Unfortunately, that mould has been broken and I do not anticipate there will be a second coming.

We have no capacity to feed a multitude with five fishes, and we have to cut our suit accordingly, to suit the amount of cloth we have. Unfortunately, we do not have the cloth at this time to adopt expansionary policies, and I think that the debate has well summed up the emptiness of all persons who would say to the contrary. (Applause)

Mr. SPEAKER: I must put the amendment first.

The question that the words proposed to be deleted stand part of the Resolution was put and resolved in the affirmative without division.

9.20 p.m.

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

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I did give an indication on Tuesday night that the Government would be seeking the Second Reading for the Consumption Tax Bill and the Stamp Duty Bill, the details of which were contained in the Budget, and have, I understand, been circulated.

It would be a matter of great convenience if particularly the Stamp Duty Bill could be dealt with. We have gone over the details at enormous length in the Budget debate. I believe there is support. The two days have passed. Notice was given day before yesterday. If the Clerk will just call the Consumption Tax Bill, I will just formally move it. I have nothing to say on it. I am just going to move that it be now read a second time.

I believe the Consumption Tax Bill has been called.

I beg to move that this Bill entitled the Consumption Tax (Amendment) Act, 1982, be now read a second time.

Mr. TAITT: Mr. Speaker, on a point of order.....

Mr. SPEAKER: Just a minute. The measure is not properly before the House. The Clerk must first announce it.

GOVERNMENT BUSINESS

Mr. SPEAKER: Government Business is the instant order of the Day. Order No. 4.

THE CONSUMPTION TAX (AMENDMENT)
ACT, 1982

Order No. 4, in the name of the Honourable Prime Minister, was called – to move the Second Reading of a Bill to amend the Consumption Tax Act, 1980.

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

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

Mr. B. M. TAITT: Mr. Speaker, on a point of order, I am seeking your guidance in this matter. I crave the indulgence of the Leader of the House; I am not seeking to delay the proceedings. I believe in the interest of correct procedure. I am drawing it to Your Honour's attention for your ruling. It would seem to me that a Budgetary Sitting is a special sitting. It would seem also, that in order to take account of what the Prime Minister is seeking to do, that this Honourable House does have the capacity to give leave.

I would think that the first step that should be taken would be the suspension of the Standing Orders and the leave of the House sought to proceed with the matter, in which case we can then proceed to Government Business.

I am suggesting that if the procedure is followed correctly that our records would show that we followed the procedures which were laid down before. I put it before Your Honour for what it is worth.

ADJOURNMENT

Hon. L. S. CRAIG: Mr. Speaker, in the light of what appears to be some procedural problem, I beg to move that this House do now stand adjourned until Tuesday, April 6, 1982 at 12 o'clock noon.

In the meantime, I would like to thank the staff and all my colleagues on both sides of the House for what I consider a very interesting debate at a relatively high level.

I, myself, was not involved in the cut and thrust of it, since my front bench and back bench were quite capable of taking care of themselves.

I regret, however, that I really missed the familiar face of the Leader of the Opposition on this occasion, and I look forward to seeing him, in the not too distant future, sitting in his old familiar place. And whatever is the problem, I really wish him, on behalf of my colleagues, a very speedy recovery.

It is the first time in my sixteen years in Parliament that I can safely say he has not taken part in any of the Budgetary Proposals, and it is really a loss to this Honourable House. I am quite sure that my colleagues join with me in wishing him well and hope to see him soon again.

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

The question that the House do now adjourn until Tuesday, April 6, 1982 at 12 o'clock noon, was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the House accordingly.

9.30 p.m.