

THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1981 – 86

HOUSE OF ASSEMBLY

Tuesday, 26th October, 1982.

Pursuant to the adjournment, the House of Assembly met at 12.20 p.m. o'clock.

PRESENT

His Honour W. C. B. Hinds, J.P., (Speaker)
Hon. H. B. St. John, Q.C., LL.B., (Deputy Prime Minister)
Hon. L. S. Craig, (Leader of the House)
Hon. Miss B. A. Miller
Hon. L. B. Brathwaite
Mr. J. G. Odle, B.Sc.
Hon. V. L. Johnson, M.A.
Hon. L. R. Tull, Q.C., M.A.
Hon. DeL. O. Bradshaw
Mr. L. L. Sisnett,
Hon. Dr. R. L. Cheltenham, M.A., M.Sc., (Econ.)
Mr. R. E. Brathwaite,
Mr. A. Truss.

Prayers were read by Archdeacon F. A. Cayless.

Rt. Hon. E. W. BARROW, Dr. R. C. HAYNES and Mr. M. A. KING entered the Chamber and took their seats.

MINUTES

Mr. SPEAKER: The Minutes of the meeting of Tuesday, October 19, 1982.

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that the Minutes of the meeting of Tuesday, October 19, 1982 be taken as read.

Mr. SPEAKER: If there are no observations by honourable Members as to errors, let those Minutes stand confirmed.

PAPERS

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

The Profession, Trade and Business Registration Order, 1982.

The Profession, Trade and Business Registration (No. 2) Order, 1982.

Mr. L. E. SANDIFORD entered the Chamber and took his seat.

ORDERS OF THE DAY

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

SUSPENSION OF STANDING ORDERS

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

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

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

Hon. L. S. CRAIG: Mr. Speaker, before I proceed to call the Orders of today, there is a letter from the Clerk of Parliament addressed to you, Mr. Speaker, the Leader of the House and the Leader of the Opposition respectively, and it refers to today's business. Orders Nos. 1(a) and 3, I am told, have not been received by honourable Members on the other side, and the Clerk has written to you, Mr. Speaker, the Leader of the Opposition and myself. The letter reads as follows:

It appears that, Orders Nos. 1(a) and 3 of Government Business may not have been received by some honourable Members with their papers for this sitting. These items have now been received from the Government Printing Office for circulation to Members. The omission was inadvertent and occurred in packaging.

I simply draw this to your attention, that in the event we would like to proceed with either of those items today, if it is the wish of the Opposition to let us proceed, I would be grateful. If we cannot proceed, I have no objection.

Rt. Hon. E. W. BARROW: Mr. Speaker, I do not know what kind of discriminatory packaging could occur where members of the Government could receive items and members of the Opposition could not receive them.

Hon. L. S. CRAIG: If the honourable Member would give way.....

Rt. Hon. E. W. BARROW: I am speaking and he can reply afterwards. I did not interrupt him although he made a misstatement of fact.

Hon. L. S. CRAIG: I should have said, also, Mr. Speaker, that Members on this side have not even received theirs either. I have just received mine. I must apologise for not drawing that to your attention.

Rt. Hon. E. W. BARROW: I do not think we both need to be standing at the same time. I should like to inform the honourable Member that I sent up and received mine yesterday evening, because I noticed the omission, and I was given mine.
12.30 p.m.

I received mine, so I will not be pleading any indulgence for an extension of time to consider at least Item 1(a).

I do not know how the other Hon. Members feel about the other matter, but I received mine — not in the normal course of events, but by tentatively seeking them out.

Hon. L. S. CRAIG: So we are not discriminating against the right honourable Leader of the Opposition and other Members.

Order No. 2, Sir.

Mr. SPEAKER: Order No. 2.

RESOLUTION TO APPROVE THE BORROWING BY THE GOVERNMENT FROM THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT OF THE SUM OF US\$2.7 MILLION TO ASSIST IN FINANCING OF THE TECHNICAL ASSISTANCE PROJECT IN AGRICULTURAL DIVERSIFICATION AND ENERGY CONSERVATION

Order No. 2 was called — To move the resumption of consideration of the Resolution to approve the borrowing by the Government from the International Bank for Reconstruction and Development of the sum of US\$2.7 million to assist in the financing of the Technical Assistance Project in Agricultural Diversification and Energy Conservation.

Hon. L. S. CRAIG: The question, Sir.

Mr. SPEAKER: When the Honourable House rose on the last occasion, the honourable Member for St. Michael South Central was addressing the Chair. If the honourable Member desires, he may continue to do so now.

(Hon. L. S. CRAIG: The question, Sir.)

Dr. R. C. HAYNES: Mr. Speaker, during my introductory remarks in relation to this Resolution to approve the borrowing from the International Bank for Reconstruction and Development of the sum of US\$2.7 million to assist in financing the Technical Assistance Project in Agricultural Diversification and Energy Conservation, I made six points in my introduction which, for the purpose of continuity, I would just like to refer to in the first few minutes or so of my speech.

I would like to say this, Sir. For every fifteen minutes that I speak in this Honourable House, I exercise a rule of thumb arrangement whereby I do three hours' preparation for every fifteen minutes of speaking.

(Hon. Dr. R. L. CHELTENHAM: That is nonsense.)

Dr. R. C. HAYNES: The reward of that, Sir,.....

Mr. SPEAKER: Please speak to the question.

(Hon. Dr. R. L. CHELTENHAM: Speak man.)

(Hon. L. S. CRAIG: What do you do in three hours?)

Dr. R. C. HAYNES: I will continue, Sir. The six points that I made very briefly, Sir....

Mr. SPEAKER: Please, do not repeat. Do not repeat what you have already said.

(Hon. Dr. R. L. CHELTENHAM: This is not a place to repeat.)

Dr. R. C. HAYNES: Sir, if I cannot summarise my introduction, I will continue.

Sir, this loan is not a simple loan. Very often, loans of this kind are brought to the House of Assembly, and in the introduction we are told that it is just a simple matter, but I would like to point out, Sir, that when you really examine the total background to this loan in the light of the presentation of the honourable Deputy Prime Minister, there are several serious matters which have to be brought to the attention of this House of Assembly.

I have no intention of conducting debate on the basis of symptoms within the society; I will address myself at all times to causes and to structural matters.

Sir, the honourable Deputy Prime Minister made a very important statement, namely that this loan is a structural adjustment loan. It is a term, Sir, which has specific connotations in relation to World Bank lending, and it is my duty, Sir, as the chief spokesman for Finance and Planning in Her Majesty's Loyal Opposition.....to set out very clearly that it is vital to examine the current policies of the leader, because this impacts very widely on the total autonomy of the management of this economy; secondly Sir, to look very carefully at the absorptive capacity not only of the country, but the sub-sector to which the loan is being made and, thirdly, Sir, to examine in detail the institutional and financial framework which would allow this loan to be used to its maximum for the purposes for which it is intended.

It is on the basis, Sir, of these three aspects of the loan — the policies of the lender as it impacts on countries like Barbados; secondly, the purpose of the loan, and, thirdly, the infrastructural framework in Barbados and the situation — which would allow this loan to be meaningfully used if it is not going to be a further problem to the country.

I would like, Sir, to point out that this loan is also a precursor, as I understand it, to a more general \$20 million structural adjustment loan being negotiated by the Government with the World Bank. Therefore, it is important to deal with this entire area of the World Bank and structural adjustment loans as distinct from project loans, because it is a different ball game.

Indeed, Sir, this, I believe, is probably one of the first loans of this nature that has been so categorised by the Government in its presentation. I am extremely grateful to the honourable Deputy Prime Minister for pointing out that it was not a project loan, but a structural adjustment loan.

Sir, the policies of the World Bank have undergone considerable change over the past two years. In 1980, Sir, the World Bank entered into a research arrangement with certain countries, including two Caribbean countries who have been the recipients of structural adjustment loans, namely, Guyana and Jamaica, and within that period we have seen a transformation in the attitude of the World Bank in relation to certain types of loans.

Sir, if I may do so, and I am willing to make it a document of the Honourable House for any Member who might wish to scrutinise it, I would like to draw Members' attention to the publication, "A Bank For All Seasons", a survey of the World Bank in "The Economist", an article which was prepared by a very reputable person, who is clearly one of the world's authorities on the World Bank, that is, Rupert Pennant-Rea.

On page 2 of this document, he drew attention to a recent statement by the current President of the World Bank made in Tokyo this year. It reads, Sir,

"The World Bank", he told an audience in Tokyo this year, "is not the Robin Hood of the international financial set, nor a giant global welfare agency."

I want Members to let that remark sink in in relation to the contraction of funding from the salt window loans of the World Bank. I refer, of course, to the IBA and the problems they are having with funding from the United States Government.

He goes on, Sir, referring to the recipients and to the lenders — at the same page; this is a separate paragraph:

"If they feel the Bank has become a Reaganite wolf in sheep's clothing, they will treat its advice with as much indifference as they can, this side of losing its loans."

12.40 p.m.

Later Sir, in that same publication, on page 38, and here it is very critical, and marries very closely with the World Bank assessment of the present Barbados situation, although he was speaking about African countries, this is what he had to say. This is the World Bank's position, quoting from a report issued by the present President which was authorized by Mr. McNamara, the previous President of the World Bank. It specifically identified the fact that certain African countries were pursuing the wrong policies for years and then it identified some of the same problems identified in our country — in the Barbados country World Bank Report — over value exchange rates, suppressed agricultural prices, subsidized interest rates, excessive

protection, inefficient para-statal bodies, and so on, and so on.

I need not indicate to the Minister responsible for Agriculture the implications of that statement in respect of prices and the Barbados Marketing Corporation, which would all be part of the structural adjustment aspects of this loan.

If you were to take those two statements, Sir, and remember that this is a structural adjustment loan in relation to non-sugar agriculture in Barbados, then you will realize that this loan is also related to policy options that must be pursued by the Government of Barbados.

The honourable Deputy Prime Minister painted a very glowing picture of non-sugar agriculture, and, from his file, he was trying to find out the purposes for the loan and he was fiddling around. But if you want to find out what is the true origin of this particular loan, I would like to refer Members to the 'Economic Memorandum on Barbados, May 28, 1982, document of the World Bank — in fact, the World Bank Report of May of this year — and I have not discussed this, because I have not had it. Sir, this is what they had to say on non-sugar agriculture, which is an integral part of the diversification programme, and the purposes for which this loan has been lent.

On page 19, Sir, of that document under the heading 'Non-sugar Agriculture', this is what it says:

"The non-sugar agricultural sector (primarily vegetables and some livestock, notably poultry and sheep) has been stagnant over the past decade".

I repeat "stagnant over the past decade."

"It is only recently that renewed attention has been given to this sector, with the recent approval of the Scotland District Project, the Rural Development Project (both of which provide land settlement, irrigation, extensions, and credit) and the World Bank Technical Assistance Loan. This latter project has been designed to assist Government to overcome seven majority constraints that have been identified."

This is an aside. Let us reflect on a speech of the honourable Deputy Minister of Finance.

- (1) A lack of clarity of roles and co-ordination among the various institutions operating in the sector;
- (2) A weak extension service with inadequate technical knowledge of modern production techniques;
- (3) Inadequate water management practices and irrigation systems;

- (4) An inadequate local marketing system;
- (5) A shortage of agricultural workers;
- (6) Lack of organization among growers of crops other than sugar can expect the recent efforts of Barbados Agricultural Society; and
- (7) The small number of farmers willing and able to take the risk of growing agricultural produce on a larger scale.

That is the origin, Sir, of this loan and that is the purpose of the loan - to correct those deficiencies highlighted by the World Bank, which, indeed is sharply in conflict with the growing performance of the non-sugar agricultural sector as outlined, Sir, by the Deputy Prime Minister only a week ago.

And I would like to say this, Sir, that report is certainly consistent with the only available data in Barbados, that is, the Annual Statistical Digest, Central Bank of Barbados, 1980.

I have not been able to get a copy of the 1981 report - I do not know whether it has been published, or whether it is ready, or not - but what I do know is this, Sir. I have seen nothing to demonstrate any turn around, apart from the fact that with the present recession, there seems to be a surge in demand for non-sugar agricultural produce in Barbados; and if the recession serves any useful purpose, it might well be to give a fuller and a proper role to the non-sugar sector in Barbados and to enhance the process of agricultural diversification.

But, Sir, that statement in the World Bank Report corresponds with what you will find on page 145 of the Annual Statistical Digest of the Central Bank of Barbados, 1980. This shows, Sir, that taking 1972 as the base year - and it is of interest that 1972 is taken, because I believe that that is the year after the last agricultural census was taken in Barbados; I think it was 1971 - you will see that despite all the claims, whether it be yams, sweet potatoes, beets, pumpkins, carrots, string beans, tomatoes, cucumbers or cabbage, there has been a progressive decline over the years.

You will also find that with the exception of poultry, eggs, milk and pigs.

Rt. Hon. J. M. G. M. ADAMS: On a point of order. It seems that every week that I am in this House I have to object to reading from documents which are not before the House. The Central Bank Report is all right, but did I also hear the honourable Member read from a document he alleges to be a World Bank report? I really do object to reading from a document to which members do not have access. It is against the best parliamentary

practice. The Leader of the Opposition will support me on that.

(Aside)

Rt. Hon. J. M. G. M. ADAMS: The Leader of the Opposition is only being chauvinishly mischievous if he says that he does not support me, Sir. There is no Parliament in which I know members are allowed to read from a document unless other members have access to it. Unless it is made a document of the House, it cannot be read from.

Mr. SPEAKER: The honourable Member for St. Michael South Central did offer to make the document from which he was quoting a document of the House.

Dr. R. C. HAYNES: To continue, Sir. I have just pointed out the three prongs on which I propose to approach this matter — I have dealt with the donor situation, I have dealt with the actual prices in non-sugar agriculture and I have dealt with the origin of the specific loan — and, indeed, Sir, I will now go on to talk a bit about the financial framework, as I see it, which is necessary to make sure that this loan is a success. 12.50 p.m.

Now, Sir, just before I go on, I want to reinforce the point I was making earlier by further documentary evidence. This, too, can be a document of the House if anybody wishes. This is the World Bank Annual Report 1982; I am not talking about the country report now, but the Annual Report. This is a public document and it is available to anybody.

On page 39, Sir, you will see the bank supports the structural adjustment lending. I will not read the whole lot, because I do not wish to bore honourable Members, but two important points. It says that in essence the objectives of structural adjustment lending have been (1) to support a programme of specific policy changes and institutional reforms designed to achieve a more efficient use of resources and thereby contribute to a more sustainable balance of payments in the medium and long term, to the maintenance of growth in the face of severe constraints, and to lay the basis for regaining future growth momentum; and (2), to act as a catalyst for the inflow of other external capital to ease the balance of payments situation. This is the World Bank Annual Report, not the country report.

On the following page — and here we must understand what we are getting into — there is a specific paragraph that deals with this whole question of structural adjustment loans. It is headed "Bank-Fund Collaboration." If I may explain, Sir, it refers to the collaboration between the World Bank and the International Monetary Fund.

I quote now, Sir.

"The Review noted that experience over the past two years had shown that the bank's structural adjustment lending operations and the International Monetary Fund programmes were, in practice, both complimentary and mutually reinforcing."

Now, the point I am making, Sir, is that we could have concentrated on this Resolution looking at interest rates and looking at the sum of money, and it is only when you scratch the surface that you realise the full implications of the loan. And I am surprised that there are many members of Cabinet on the other side who would not have had access to that World Bank report or the country report, and there are few of them that would have the Annual Report of the World Bank before them.

I am not going to read any more from this document, Sir, but I am saying this: in today's world, with today's impositions of the IMF and the collaboration with the World Bank, there can be no doubt that when you look at the total content of this document, whether it relates to structural adjustment loans, whether it relates to technical assistance programmes, whether it relates to countries like Barbados who are net importers of oil, or whether it relates to what they have identified in this document as "oil exporting capital deficit countries" — and I will explain the term; it means that those countries which have oil, which is a limited resource, but because they have oil their other subsectors have not developed at the rate at which they should have developed, but, nevertheless, since the oil has a limited life span, eventually they, too, would have serious problems caused by a balance of payments surplus, and problems, perhaps as serious, if not more serious, than those with a balance of payments deficit like Barbados. We have comparisons we could make in the Caribbean, but I would not wish to do that.

The Government had a duty to come in here and tell us, when they are leading us into this area of borrowing, exactly what the full implications of those loans are. I am prepared to spend hours and hours searching out and seeking out so as to find out exactly what is going on in this country, particularly in the area of lending, because I also happen to know that the credit worthiness of Barbados is going to be dependant on this Government's ability to reduce its external debt and guaranteed debt to

25 per cent from a projected 30.6 per cent in 1983. That is a fact. That is the situation, and I can tell you where you can find the information. Get up and deny it and I will tell you exactly where to find it.

Sir, I talk now of absorptive capacity in relation to this loan. There can be no doubt that we have a sufficient land mass out there not committed to sugar, and will not be utilised in sugar; so the land resources are available. So as far as the agricultural capacity to absorb the loan is concerned, Sir, it is there.

Indeed, Sir, it is a very interesting feature if you take things like cattle, pigs, sheep, goats and so on. I was surprised, Sir, looking through the 1971 Agricultural Census at about 3 o'clock this morning, to discover that the landless in Barbados in 1971 actually owned more of those particular things that I called, people with no land owned more than people who owned land, whether it be less than one acre or up to 25 acres, or beyond that. It was a shocking revelation to me. It also challenges certain approaches to the small farmer in relation to the question of diversification in Barbados, and I want to deal with that particular area.

Now, Sir, there are two broad points I want to make in relation to absorptive capacity. I have dealt with the global economic situation in Barbados, I have dealt with the land component of the subsectoral capacity to absorb this loan, but I want to say this: any loan of this kind, for it to be ultimately maximally useful to this community, must be a factor that would result in the saving of foreign exchange and probably with a potential for the earning of foreign exchange. Let us understand those financial parameters in which we are dealing, and then we will get down to the subsectoral financial implications.

This brings me to the financial institutions in Barbados which are available for non-sugar agriculture. I do not wish to repeat, I have talked about it for many years — the role of the Agricultural Credit Bank, the role of the Sugar Industry Agricultural Bank and the errors that were made in that area. Suffice it to say that I have lived long enough to hear the honourable Member for St. Andrew and the honourable Minister of Agriculture support a position that I took on the floor of this House some time ago. I am also very gratified to know that a major international institution, and an institution of learning with great international repute, is now seeking out, editing my speeches in this Parliament on economics for specific reasons.

Now, Sir, I go on. The role of the small farmers. We have to look at two things, Sir. We have to look at the total banking system. Here is a loan, the loan has to be fed into something; therefore we have to examine

whether or not we have the institutional framework in order to handle loans of this kind most efficiently, or whether or not the Minister of Agriculture might not find that it is used as a balance of payment support loan and he does not get the money.

1.00 p.m.

(Asides)

Dr. R. C. HAYNES: All I am saying is that I hope so. It should not happen. I hope not.

If you look at certain vital elements — and it takes a long time to come up with this kind of information — you will find, Sir, that if you look at the proportion of credit to the non-sugar sector of agriculture as a percentage of all disbursements, all loans, all institutions' loans in Barbados — I am putting the whole lot together — a percentage of farm credit, let us put it that way, in relation to the total disbursement of credit from the total banking institutional structure of Barbados, you will see that there has been a progressive decline over the years.

If you look at it conversely now, Sir, the proportion of deposits from the farming sector in relation to the total deposits in the total banking system in Barbados, you will see a correlation right there. So what that means — it is very simple, Sir — is that the non-sugar agricultural sector has been essentially starved of finance.

I believe it was starved of finance for a variety of reasons. The principal among these is the fact that the main contributors in this area are small farmers — one reason. The second reason, Sir, is the criteria for credit worthiness which is applied to small farmers in Barbados.

Now I want to make it quite clear. I believe that banks should have adequate security for the loans that they make. What I am saying is that unless the bank or institution has the extension services, they are in no position to determine the credit worthiness of small agriculturalists, because they do not know what is going on.

I have previously adverted to the fact that a substantial proportion of the people in 1971 who were growing cattle, sheep, goats and so on did not own land. You know, Sir, that under the existing criteria of Barbados they could not be eligible for a loan? You know very well that they could not be eligible for a loan, because unless a loan officer knew the person, knew his capacity, knew that he was an active businessman, he had absolutely nothing to go into a bank with in order to obtain a loan.

This money has got to be funded through something. It either has to go through the commercial banks or it has to go through the Agricultural Division of the Barbados National Bank. It has to be funnelled through something, and unless a major change is made in the

assessment of the credit worthiness of small farmers in relation to their capacity to repay loans, then you are not going to be able to fully utilise this loan in the most fruitful manner.

I, Sir, need not bother to go into the net results of all this. A sub-sectorial analysis will demonstrate the remarkable decline, the very remarkable decline, in that non-sugar sector over the past years — despite what has been said.

From what I can see in the various fields, which I will deal with now, it would seem to me, Sir, that in 1982 unless this now will be added on, that the projective credit flow — through to the small farmer would probably be in the region of \$400 000.

If that is to be effective, if the small farmer is to make an effective contribution — and I think it depends on him to a large extent, and I will give reasons for this later on — then that flow-through needs to be augmented to about \$10 million or \$11 million a year, probably with about a 10 per cent increase. Of course, the loan will be on a revolving basis; but that is the kind of money that needs to be made available to small farmers if you are going to get an effective diversification programme going in Barbados.

I must say this, Sir. I cannot make this a document of the House, and I am not going to refer to it, but that information is derived from an up-to-date study of the credit needs of the small farmers — an authoritative and up-to-date study. I guess the Government will get it in due course. It will come through the appropriate international agencies. You will be surprised when you get it. I have it right here, but I am not going to quote from it.

To continue, Sir, let us examine some of the credit schemes in Barbados. I will show you why it is important to examine the financial structure which exists and see how it can absorb this loan most efficiently.

I hope that the honourable Minister of Agriculture is taking me seriously, because I was very pleased, as I said, with the presentation of the honourable Deputy Prime Minister who, in stark contrast to the honourable Minister of Finance, indicated to this Parliament in no uncertain terms that there is a major role for non-sugar agriculture in relation to the overall economy of Barbados.

He is obviously not committed to this business of producing more and more sugar and buying more and more food. He seems to understand more about the dynamics of the economy and the need to reduce its openness. I think he understands that. In fact, I think he shows a far more fundamental understanding of the

economy of Barbados than the honourable Minister of Finance.

Now let us look, Sir, at the various schemes available. Since 1964, I think it was, the Farming Incentives Scheme was introduced by the previous Administration. They have been substantial improvements in that scheme up to 1976. Beyond 1976, Sir, only marginal contact was made by this present Government in relation to that scheme — in last year's Budget, where certain provisions were made that could be handled under that scheme. As far as I can recall, that was the scheme under which the various inducements could be handled, I think it was fertilisers and various other things.

Sir, there has been in existence for sometime the Farm Improvement Credit Scheme by the Agricultural Development Bank. But, Sir, I looked very carefully to see how that scheme operates. Now this is another source through which this money could go, but when you examine what operates, what do they wish? They wish a feasibility study, they wish, probably, a Bill of Sale, they wish a lien on the crop and they wish some other documentation.

Now how would you ask a small farmer to produce a feasibility study acceptable to the Caribbean Development Bank. These are the constraints that I am trying to point out, and these are the things that you must put in order before you go and borrow money, if you are going to make sure that the money you borrow is properly used.

Sir, I have also look very carefully at the Central Bank's position. I will say this, because this is a serious matter which is going to affect the future of this country, and if there is one thing I will say for the Government it is that they continue the situation which was started by the Barbados Labour Party whereby the Central Bank will treat the small farmer as a businessman and make loans available to him through the commercial banks at concessionary rates.

1.10 p.m.

If you look, Sir, at the performance of that loan portfolio via the commercial banks, you will recognise that the scheme has not worked because of the same constraints which I have outlined before; that is, the criteria used for credit worthiness, not to mention, of course, the very high commitment of the banks to factors such as what you could call "risk commercial", if you can use that term, and also the need to have, in my view, a very high multiplier factor in relation to the credit that they make available. However, these are peripheral problems, but they all impinge on the credit worthiness.

Sir, I have decided to make sure that I pitch this speech at a particular level because it will be part of the record of this Honourable House. Not everyone would clearly understand the significance of everything, but, nevertheless, it will be there.

There are other constraints, Sir. When you look at the existing schemes — those through the CDB, those through the Central Bank of Barbados, those through the Financial Incentive Scheme and then through the Farm Improvement Credit Scheme — if you look at these various schemes, you will see that they all run into the same bottleneck at the end of the day.

If you feed more money, if you put this money into that scheme, you are back into the same bottleneck once again — and you are going to get nowhere. You are going to be paying interest in due course, and you are not going to have the kind of developmental potential of the loan being fully realised.

Sir, to continue, I would believe that if the Government would certainly, and there must be some means.... the only kind of loan organisation that I see in Barbados now that is available to handle this would probably be the agricultural sector of the Barbados National Bank. The fact is, Sir, that with the limited flow-through of money, probably the officers — and Sir, some of them have had significant training — could be better utilised.

I think, Sir, that the Government has to look at extension services — and I put in brackets (financial extension services), because the term "extension services" in agriculture usually conjures up a different kind of operation. By this I mean that if an individual applies for a loan to the Agricultural Division of the Barbados National Bank, that, as a potential user of that money, he should have available to him a series of services. That is the only way you are going to get it going. There is no point borrowing money, pumping more money into it unless you get that basic framework correct.

You need the services of an agronomist, first of all. You need the services of people who can go out there and tell the farmer that he is doing this the right way, why he should try this other technique.

You need services even for the collection of interest and principal on loans, because when you loan money to a civil servant to build a house or buy a car or something like that, he operates within a different framework, within a different banking structure, and he can give instructions to his bank to deduct so much at source for such and such a purpose. When you are dealing with a farmer, you cannot apply that kind of collection mechanism to the farmer, and, therefore, it is vitally necessary that if your whole system is going to work, then you must have a comprehensive package.

Technical advice can be given, not only in the area of fertilisers; but in the area of livestock, which is critical. Technical advice can be given in the area of irrigation.

If you look very carefully, particularly with the high cost of water at the moment, I believe that a lot of water used in irrigation is wasted in evaporation.

There are other techniques that can be used which should be beneficial to the farmer, which would get that water into the soil probably with less evaporation and with greater productivity in terms of the volume of water per unit of production. I believe, I am not sure, that the technical term is "drip irrigation", or something like that, which you would use. I do not know about its feasibility, but what I know is that when I see sprays going ten, twenty feet in the air, and this kind of thing in the middle of the day, I know how that water is being evaporated and water is being wasted.

Now, Sir, in general I agree with the bank's assessment of the present state of the non-agricultural sector in Barbados, but I want to say something about poultry. I believe that now we seem to have been able to produce enough chickens — as we have produced for years — in Barbados, that the question of marketing is critical. Marketing is critical in every area, but in the area of chickens, the surpluses and so on, we have to be looking very carefully at our marketing structure.

So there has to be an integrated approach to dealing with all the problems identified in the World Bank Report at one and the same time. That is the point, Sir. You have to tackle these things at one and the same time.

To get back to the question of poultry, I wonder whether the time has not come to learn certain technology, whether the viability of the proposed hatchery has been thrown out or whether or not it is a matter that will be on the cards again, or what can be done to ensure that chicken, when it is produced, would be economical to the farmer, because it has to be economical to the farmer in order to keep him in business, and also at prices that are reasonable to the consumer.

I think that in chicken we have probably reached the stage where we have to look at other factors now. We have mastered the factor of production, we have to look now at cost analysis within that sector in order to reduce the price to the consumer whilst maintaining reasonable levels of profits to the producer in that sector, because I want to make it clear that the farmer has to make a profit if we are going to have a viable farming scheme in Barbados in the non-sugar area.

Sir, I also took the trouble, and here I must refer to some figures — I can't remember all these figures in my head — to look very, very carefully at present costs

of labour, fertilisers, all sorts of inputs and all these various areas, and some very interesting things have turned up.

If you look at an appraisal of the returns per acre, on a net revenue basis, in various sectors of non-sugar agriculture, you will come across some very interesting findings — that at today's cost of production, on a per acre yield, cabbage can yield an annual profit of \$5 000 to the dedicated farmer; that carrots can yield as much as \$7 000 a year; that cucumber can yield as much as \$3 600 a year; that sweet potatoes can yield as much as \$2 100 a year; that tomatoes, in the right marketing circumstances, can yield as much as \$10 000 a year; that yams can yield as much as \$3 576 a year, and that beets can go up to about \$10 000 a year in the right circumstances.

(Asides)

Dr. R. C. HAYNES: This is research done this year, within the past three months.
1.20 p.m.

Now, Sir, based on those figures, there is no question, no question whatsoever, that the Government has been grossly negligent in its pursuit of agricultural diversification in Barbados, and that they have missed out very, very heavily in an important area of this country's productive capacity.

Conversely, Sir, I want to bring to the attention of this Honourable House, using the same investigative criteria, the same quantities and assessment of quantities of inputs into the research and the same costings of labour as exist at today's rates in relation to sugar. Let me tell you what would happen to the small farmer in sugar. For the first ratoon, he would have a net revenue of \$53 in the year; for the second ratoon crop, a loss of \$183 — and the loss would continue thereafter.

Sir, do you want any clearer evidence, Sir? Can I present anything in any greater detail to this Honourable House, having started off by looking very carefully, Sir, at the present political and other factors which condition World Bank lending, having looked again, Sir, at the absorptive capacity for that loan, both on a land mass basis and having looked at the financial structures — I noted the constraints within those structures — and I, finally, Sir, winding up my presentation by presenting incontrovertible evidence — that given the right kind of service in terms of financial inputs and a properly structured financial arrangement in Barbados that we in this country could have a vibrant agricultural sector?

Therefore, Sir, my support for this Resolution would be conditional on the Government being able to demonstrate that it is looking at all the factors which I

have outlined from lender straight through to ultimate economic objectives, because only on that basis, Sir, do I feel that, in the present context in Barbados, any kind of borrowing is justified.

I thank you Sir.

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

Mr. L. E. SANDIFORD: The Government cannot reply.

Dr. R. C. HAYNES: Cannot make contact. Cannot reply. Reply to that.

Hon. L. S. CRAIG: Mr. Speaker, Order No. 4, Sir.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, I rise on Order No. 4 to let the House know that I will be seeking to amend the Resolution and I would like

Mr. SPEAKER: Order No. 4 is not yet before the House, Sir.

Rt. Hon. J. M. G. M. ADAMS: Sorry, I thought it was called, Sir.

Mr. SPEAKER: Order No. 4.

RESOLUTION TO ASCERTAIN PARLIAMENTARY
APPROVAL FOR THE GOVERNMENT TO ACT
AS A GUARANTOR OF THE ISSUE OF
SUGAR INDUSTRY BONDS

Order No. 4 was called — To move the passing of the Resolution to approve the guarantee by the Government for the borrowing of \$17 000 000 by the issue of Sugar Industry Bonds by the Barbados Sugar Factories Ltd.

Rt. Hon. J. M. G. M. ADAMS: Sir, what I intend to do is to move the amendments and then move that further consideration be postponed until later in the Sitting. I would just like to get the amendments on the floor of the Honourable House so that honourable Members can consider it before we come to discuss it.

Sir, in moving the passing of Order No. 4, I beg to move that in the second recital, the words, "subject to this Section" be deleted and the words, "by Section 4 of the said Act" be substituted. That the full stop be deleted at the end of the recital, a comma substituted and the words, "and deems it necessary to borrow the sum of \$17 000 000 by the issue of such bonds."

I will also beg to move that the third recital be deleted and be replaced by the following recital:

"AND WHEREAS section 5 of the Act provides that the Minister responsible for Finance may, with the approval of Parliament, guarantee in such manner and on such terms and conditions as the Minister thinks fit the payment of the principal and of interest necessary for the redemption of any bonds issued by Barbados Sugar Factories Limited under the Act;"

And I beg to move that the habendum be deleted and it be substituted therefor:

"BE IT RESOLVED that Parliament approves the guarantee by the Minister responsible for Finance of the payment of the principal and of interest necessary for the redemption of the bond issue in the sum of \$17 000 000."

Copies of the Resolution, as amended, are in existence, Sir, and will be circulated to honourable Members.

I beg to move that further consideration of this Resolution be postponed.

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

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

Hon. L. S. CRAIG: Order No. 6, Sir.

Mr. SPEAKER: Order No. 6.

BARBADOS TELEPHONE COMPANY (AMENDMENT) ACT, 1982

Order No. 6 was called – To move the Second Reading of the Bill to amend the Barbados Telephone Company Act.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, I propose today, in moving the Second Reading of this Bill – and connected with this, Mr. Speaker, honourable Members will observe that Order No. 1 also deals with a matter arising from the telephone services of this Island – to outline to the House some of the recent developments in the telephone services of the island, some of the problems which the Government is presently faced with in dealing with the expansion of our telephone services – and, indeed, with maintaining it at its present level of efficiency – and some of the financial problems which will face this most important utility within our society.

Mr. Speaker, Sir, I can say, without fear of contradiction, that Barbados has one of the best telephone services in the world. It is one of the half dozen countries in which a system of unlimited local calls exist. It has direct dialling connections with most of the world. It has one of the highest percentages of telephones per population in the developing world – the only competitors would be a few other small and richer islands such as Bermuda, Bahamas and Hong Kong – it has an extremely, indeed extraordinary, cheap telephone service for what is provided.

But signs of strain have been visible recently. I think there has been some slight overloading of some exchanges with the result that in the evenings when the school children are home and telephoning their friends, you will get the recorded message, "All circuits are now busy, will you please re-dial later." There are also some financial strains in the company and it is an interesting fact which affects all utility financing.

To deal with some of the statistics first, Sir, when you look at the fact that within the Soviet Union, the amount of telephones amount to only 80 per cent of the population; in Puerto Rico, it amounts to only 20 per cent; in Jamaica, 6 percent; in Grenada it is 5 per cent; the Dominican Republic, 3 per cent; it is remarkable then that at the end of 1981, the number of telephones represented 26 per cent of the population of Barbados. This was recently highlighted in an article in the *London Times* newspaper, which put Barbados, I think, third among countries, outside Western Europe and North America, in the coverage and spread of the telephone service.

1.30 p.m.

It is only in the number of telephones that they have been a very considerable credit to the country. It cost something like \$35 to install a telephone in Barbados. It may come as a surprise to some honourable Members to know that in Brazil you have to put down nearly \$4 000 to install a telephone. Even in the United Kingdom and the United States, you are dealing in hundreds of dollars rather than the very modest \$35 which it costs in Barbados.

The annual cost of a telephone, an ordinary domestic service, is Bds\$237.60. In the United States of America, a telephone with 700 local calls, which is the international average, will cost you Bds\$742.40 per annum. You can't compare all countries because the fact that we have unlimited calls means that we have many more calls. Indeed if you were to add up the number of calls made in Barbados and apply it to any other country, you will find that our phones, probably after, perhaps, the Soviet Union, are the cheapest in the world. But we

are not quite the very cheapest, we are like in the bottom ten for expense of a telephone in the world.

Even more remarkable is the statistic, calculated on the basis of the average manufacturing wage, that in Barbados we have to work between thirty-eight hours and thirty-nine hours to pay the entire annual cost of a telephone. In the United States, you will have to work for fifty hours. I won't go to the top of the scale. In Chile you would have to work 260 hours. But in the U.K. you would have to work for 80 hours. Even in the Soviet Union, where telephones are a little cheaper than Barbados — so, apparently, is the average manufacturing wage — you have to work for 60 hours.

So, Sir, we have a fairly proud record with telephones. This Government is particularly proud of the fact that the number of residential telephones in the country has risen by almost 60 per cent since we have been in power. The number of telephones overall has risen by something like 56 per cent. The staff of the Telephone Company has increased by over 50 per cent since we have been in power, and their wages have increased by 127 per cent. At the same time, since we have been in power, the cost of a telephone has gone up by only 10 per cent.

There is a lot of careless talk about inflation and raging high prices and so on. But I just mentioned these statistics to indicate that if there is an area of achievement in this island since 1976, it is the area of telephones.

In 1975, the cost of the monthly rate of telephone rent amounted to almost 10 per cent of the salary of the lowest paid Government worker. At the present time, it amounts to only 3 per cent; so we have produced more telephones for the people and, effectively, very substantially reduced their cost to the public.

Dr. R. C. HAYNES: On a point of order. I wonder if the honourable Member is aware that there is an application before the Public Utility Board in respect of certain telephone costs — not necessarily rates. If he is aware of that, I think it is improper for him to be preparing the ground for the people of Barbados to accept higher telephone rates.

Rt. Hon. J. M. G. M. ADAMS: It is a ridiculous intervention Sir. Having said that there was no application for an increase rate, he then says that I should not prepare the people for an increase in telephone rates.

Mr. SPEAKER: I have ruled that there is no point of order.

Rt. Hon. J. M. G. M. ADAMS: Sir, I don't intend to touch on the particular areas where there is an application for changes in some of the charges. I have not

referred to it and I have no intention of referring to it. Indeed, the world would never have known if the Hon. Member had not intervened on a fraudulent point of order.

Now, Sir, we have got very lavish reports of the telephone system. Unlimited calls mean more calls; direct dialing has meant more overseas calling. Barbados, indeed, is now in a situation where considerably more is spent on making overseas calls than is spent on the domestic side of the service. The revenue accruing to the two firms which deals with overseas calls, that is, the Telephone Company itself and to Cable and Wireless is now very considerably greater than the revenue accruing to the Telephone Company alone from the local service.

Barbados pays out no less Sir, than \$33.7 million a year to make overseas telephone calls and we pay out just over \$21 million a year for the cost of paying the local rent of telephones. This has given rise to certain imbalances, to which I will refer later.

But a fundamental point of public utility financing, which is relevant not to the rate case before the Public Utilities Board in respect to the Electric Company, but which is relevant to some remarkably uninformed arguments that have been put forward by a Member of the House about utility financing.

Now, Sir, the Telephone Company, in fact, in 1981 in Barbados had as an accounting matter a deficiency of working capital of \$31.5 million. This deficiency of working capital arose because the Telephone Company last year spent \$20 million in expanding and improving the system. This year it is to spend a further \$20 million, and next year is projecting to spend \$26.5 million in improving the system yet further.

1.40 p.m.

As honourable Members will recall, some of these expenditures have been guaranteed by this House by the Government. They have been financed by very substantial loans. Last year they totalled \$53.9 million and this year the loans will total \$70 million. And before anybody is carried away by an argument as specious, indeed as dishonest, as any I have ever heard in life — that a utility should not borrow money and seek to pass on the cost of borrowing to the consumer, that the shareholders must themselves raise the money, and that is the only way to lower the rates — I would point out that the Telephone Company has been able to finance its expansion by borrowing very large sums of money although the rates have virtually not had to be increased as a result of the borrowing.

Rt. Hon. E. W. BARROW: On a point of order. I know the honourable Member is anxious to speak until lunch time, 2 o'clock. This is a Bill for the collection of surcharges and imposing a percentage such as a finance

charge on monies due by the Telephone Company in respect of overseas calls.

One would have thought that the Government as a major shareholder in the Telephone Company, because we are being treated to a complete conspectus of the whole operation and financial arrangements of the Barbados Telephone Company, and not one single word about the quantum of the tax which the Government has imposed, and the reasons and justifications for the amendment to the Telephone Company Act in Section 7(d) and (e).

In other words, this is tantamount to a large degree of filibustering, or trying to make a justification in advance for something that the Ministry of Finance intends to impose on the unwitting public of Barbados — but it is not germane to the debate.

Mr. SPEAKER: Is this a point of order?

Rt. Hon. E. W. BARROW: The point of order is that the honourable Member is being irrelevant. That is what I am submitting, Sir.

Mr. SPEAKER: The Chair is not of that view.

Rt. Hon. E. W. BARROW: The Chair does not always have the same view. I have made my point of order, but if you say there is no point of order I will sit down, Sir.

Rt. Hon. J. M. G. M. ADAMS: I thank the honourable Member. If it hurts him to hear that since 1975 the cost of telephones has gone up by only 10 per cent and the number of telephones has gone up by only 50 per cent, I am sorry. If it hurts him to hear that Barbadians.....

Rt. Hon. E. W. BARROW: Mr. Speaker, at no time did I say I was hurt by anything.

Mr. SPEAKER: On what does the honourable Member rise?

Rt. Hon. E. W. BARROW: On a point of elucidation, Sir. At no time in my speech did I say that.

Mr. SPEAKER: You cannot rise on a point of elucidation unless you had addressed the Chair on the matter. *(Laughter)*.

Rt. Hon. J. M. G. M. ADAMS: It has to be obvious, Sir, that if we are talking about the 10 per cent surcharge which the Government collects on overseas calls, because this is what this Bill is about, that some reference to overseas calls, local calls, the financing of the company, the amount that the tax is likely to raise is relevant, and the

honourable Member is interrupting me before I can even get in the.....

(Rt. Hon. E. W. BARROW: That is the whole point. You have not got into it. Get into it).

Rt. Hon. J. M. G. M. ADAMS: The honourable Member must just bide his time. As I said, when I was interrupted by the honourable Member, Barbadians this year will make \$33 million in overseas calls, the Government will collect \$3 million with the aid of this Act on the surcharge on those calls.

A point which I think the Barbados Telephone Company will very soon seriously have to consider relates to the cost of those overseas calls.

For a long time, it has been very popular in public utility, and in other circles, to say that the people who make overseas calls must be expected to subsidise the local network, that they must put the money on overseas calls and keep the cost of the local network low, and, for a long time, undoubtedly, this was a very sound principle.

But that sort of principle begins to go through the door when, in fact, you see some of the problems which the Telephone Company has been having and which has been reflected by an application to the Public Utilities Board, with which I will not deal, that very many persons and not by any means businesses only — we are talking about an enormous range of Barbadians — spend very much more on making overseas calls than on paying their telephone rents.

It is my view that we should be looking at a more reasonable balance between the cost of overseas calls and local calls. I believe, Mr. Speaker, that we are paying too much for overseas calls — and I say this advisedly, even though it may mean some loss of revenue to Government, notwithstanding this Act — compared particularly to the United States and Canada, which are the main destinations for overseas calls made in Barbados. It is much cheaper to make a call from the United States to Barbados than to make a call from Barbados to the United States.

At the moment Cable & Wireless and the Barbados Telephone Company have been locked in battle — this has been going on now for a number of years — over the division of the revenue between the two companies for these overseas calls. Cable & Wireless this year will get \$20 million out of the overseas calls, the Telephone Company will get \$30 million.

I have gone to a lot of trouble, as have other Ministers of Government, to emphasise to Cable and Wireless that they are a good deal more remote from the

people of Barbados than is the Telephone Company. The Telephone Company may be foreign owned, but in a sense it is our company; it is ours certainly for the taking when we want it, if we want it. The Government has some financial interest in the Telephone Company and it has an interest as guarantors.

The Telephone Company will spend over \$60 million in its current three year programme. It has spent, in all, \$89 million since 1976 on increasing the number of telephones in Barbados, therefore bringing more potential revenue to Cable & Wireless — without Cable & Wireless having spent one cent. Every telephone that you instal in Barbados means more potential revenue to Cable & Wireless, because it means one more person could make overseas calls.

We had to come to the House some years ago with an amendment to the relevant legislation to enable the Government to fix the proportion in which the revenue from overseas calls should be divided between Cable & Wireless and the Telephone Company.

I have had to warn the Managing Director of Cable & Wireless — I mean at the main Cable & Wireless, not the local branch; I mean the British Company — that the Government is really quite determined on a more equitable distribution of the income arising in Barbados in respect of overseas calls.

I think that the House is the most suitable place for me to repeat that warning and to underline the Government's determination that the Barbados Telephone Company be given a suitable reward, out of the proceeds of overseas calls, to recognise the improvement in the local service which it has instituted in the last six years. Eighty nine million dollars is not a small expenditure, and a resultant cash shortage of \$31 million last year, which will fall to \$25 million this year, is no small amount for a utility company, however well run.
1.50 p.m.

One honourable Member, I think it was the Leader of the Opposition, said that this speech is intended to prepare the public for something which the Ministry of Finance has in mind relating to telephone charges.

I am perfectly prepared, Sir, if, on a proper analysis of the subject, it is seemed that the best balance of charges for Barbados would be some reduction in overseas charges — let people call their friends and relatives abroad a little more cheaply, even if they have to pay \$1 or \$2 or \$3 a month more for telephones; I am perfectly prepared for that.

I would tell you, Sir, that is not the view of the Telephone Company. Like all utilities, the Telephone Company is terrified of a rate case.

The reason why the rates are low goes back to a classic rate case in which the honourable Member for

Christ Church West and the honourable Member for Christ Church East Central, the Deputy Prime Minister, were the leaders in preventing the Telephone Company then from ripping off the public with the support of the then Government.

We argued then that there was a better course for the utility to follow than raising the rates without some consideration of expanding the rate base to get a bigger income that way. It was good advice, and it seems, Sir, that it has obsessed politicians ever since.

On one occasion, politicians, wise, able young men, backed up with the research facilities and support of a vigorous political party about to take office, were able to keep down the telephone rates. Ever since then it has been assumed that there is never a case for a utility rate increase.

I just toss the thought out. If honourable Members think that \$3 a month is a lot to pay for a telephone, Members should consider that every family in Barbados has a relative overseas, every single family, and that \$3 a month amounts to the cost of telephoning your son, your daughter, your mother, your brother and your sister overseas once at Christmas and once at a birthday. That is all, but still.

Rt. Hon. E. W. BARROW: I wonder if the honourable Member, for our edification, can tell us whether the \$3 is an increase.

Mr. SPEAKER: On what has the honourable Member.

Rt. Hon. E. W. BARROW: The honourable Member has given away, Sir.

Mr. SPEAKER: The honourable Member can give way. He can do what he likes.

Rt. Hon. E. W. BARROW: He is sitting down now, Sir.

Mr. SPEAKER: He does not rule in this Honourable House.

Rt. Hon. E. W. BARROW: I am not suggesting that he is ruling the House.

Mr. SPEAKER: On what does the honourable Leader of the Opposition rise?

Rt. Hon. E. W. BARROW: On a point, Sir, of information (*Laughter*).

Rt. Hon. J. M. G. M. ADAMS: I wish to repeat, Sir, these are my views and I throw them out for discussion. The honourable Member can make his point

when he makes a speech. I believe it is a subject worthy of discussion.

The public can continue, if it prefers, to have high overseas rates now, and a very low rate; or it can consider whether it may not be better suited by reducing the cost of overseas calls and paying a little more domestically. I put it out for discussion - nothing more or less.

I believe the Telephone Company is so afraid of a rate case that it prefers the high overseas charges and the low domestic rate. It may very well be that, properly put to the public, the public might prefer otherwise. It is really a point that I put forward for general discussion rather than a point of settled policy.

The statistics, Sir, would suggest that it is more in the public interest to have the cost of overseas calls reduced. If you are paying \$33 million for overseas calls and only \$21 million for domestic services, it may very well be - I put it no differently, Sir - that a few dollars a month more on the telephone bill and a few dollars per call less on the overseas calls.

(Asides)

Rt. Hon. J. M. G. M. ADAMS: Well the honourable Leader of the Opposition suggests that it should be the other way around. The honourable Leader of the Opposition belongs to a generation even older than mine, an old-fashioned generation, that thinks that the overseas call is a wicked luxury; that you may need the telephone call locally, but to telephone somebody overseas is a great luxury.

Sometimes we have to shake ourselves out of that attitude of mind. Sometimes we have to understand that you can acquire needs, and you acquire needs, in the words of my father, occasionally more pressing than the genuine ones. All of these are matters for discussion and disputation.

It remains beyond doubt, Sir, however, that we have one of the ten cheapest telephone systems in the world, one of the ten best in the developing world, one of the two or three most extensive and useful to the population. You only have to look around the Caribbean. You know in the whole of Grenada there are only 5 000 telephones? There are more telephones in Barbados than in Trinidad. There are 119 000 telephones in Jamaica that has two million people and 70 000.....

Rt. Hon. E. W. BARROW: If the honourable Member will give way on a point of explanation, there are more telephones working in Barbados than in Trinidad. There are millions of telephones in Trinidad by they do not work.

Rt. Hon. J. M. G. M. ADAMS: Well the honourable Member said it, but not me, Sir. I believe that he may find that the actual number of phones, as well as the working phones, is higher - the actual number.

As I said, there are 120 000 phones in Jamaica with two million people; there are 70 000 in Barbados with 250 000. We really do have an exceptional telephone service and we really should be grateful that we pay so very very little for it.

Against this background, Sir, I think honourable Members would be glad to agree that the Government's imposition of its own bite on the revenue of overseas calls is not unreasonable. Overseas calls may well not be a luxury, but there are many things that are not luxuries out of which the Government takes a piece.

These are two foreign companies. The telephone Company is foreign owned. Cable and Wireless is a wholly owned overseas operation, now a private company no longer owned by the British Government, making enormous profits. I do not think that I need to rejustify to the House the Government making a small charge on the enormous proceeds of overseas calls.

Honourable Members may care to note that it has made no difference whatsoever to the volume of overseas calls - quite the contrary. When we came into office, overseas calls were being made at the rate of \$8 million a year. The figure is now \$30 million, so the 10 per cent surface charge has really not affected the volume of calling very seriously.
2.00 p.m.

I should say this though, Sir, without trenching on the present application before the Public Utilities Board, that part of the reason for this Bill is that it has been drawn to our attention that people have perhaps gone a little overboard with overseas calls.

Anybody who makes these calls will, of course, know that they far exceed in any month what it cost you to rent the telephone. You see \$19.20; then you see underneath, 4th October - overseas call, \$15.88; 11th October \$31.76, and so on and so forth. And many people, when they see the bill at the end of the month, do not like to pay it.

The Telephone Company, however, has to pay the Government up front; it also has to pay Cable and Wireless up front. They have to pay the Government 10 per cent and pay Cable and Wireless 60 per cent of the money that they should collect, but they find it difficult, in fact, to collect the money.

We are just safeguarding the Government's position - the Telephone Company is asking the Public Utilities

Board to safeguard its own position — and the purpose of this Bill before the House is to ensure that whoever gets their money, that we get ours.

I am told that the Telephone Company is owed no less than \$7 million in arrears and, considering that its whole revenue is \$35 million, you will realise how appalling a situation this is. I am told that there are businesses that owe the Telephone Company \$20 000 to \$30 000. I was told of one hotel that owes the Telephone Company \$21 000 for a single month's telephone calls at a time when the hotel was closed. The hotel was closed — and ran up an overseas call bill of \$21 000. It was closed to business; it did not take in any guest.

(Asides)

Rt. Hon. J. M. G. M. ADAMS: The honourable Member for St. Michael North has mentioned the size bills that have been run up. If honourable Members look at Order No. 1, which I do not wish to anticipate, you can see the dangers that can arise. So, Sir, the Commissioner of Inland Revenue just wishes to be absolutely sure that he has the fullest possible powers to collect from the company the amounts which remain outstanding.

I want to say a few words about people in business who invite the Government, basically, to carry their overdraft and carry their cash flow difficulties. This is becoming a very serious problem with the Government. I mentioned hotels. Hotels have been asking the Telephone Company, the Commissioner of Inland Revenue, the Collector of Taxes, indirectly, to carry their cash flow problems — other businesses also. I do not want to single out hotels — and the National Insurance Board. (I thank the honourable Member).

They hold back the PAYE, they hold back the Hotel Sales Tax, they hold back the electric bills, they hold back the telephone bills, they hold back land taxes; all of these they hold back, and then suddenly you find hotels owing an enormous amount of money and its owners vanishing, or businesses.

The Government is looking at this in every area. This Bill represents one of the Government's initiatives to make sure that the Treasury does not find itself acting in the role which the Barbados National Bank is more fitted to play, that is, giving people an overdraft. We are going, very soon, to be introducing a system whereby work permits are not issued to companies which owe the Government arrears of money. We may even go a little further; we may very well start to revoke work permits for businesses which are in arrears of Land Tax, PAYE, National Insurance and other debts due to Government.

I have accepted certain recommendations relating to the licensing of hotels, dealing specifically with hotels,

where they will have to have Certificates of Compliance from the Commissioner of Inland Revenue before their licences can be renewed. We are further considering the refusal of import licences to Barbadian firms which are in arrear of PAYE, Sales Tax, whatever they have to collect on behalf of the Government and National Insurance. All of these things.

The Government does not intend to be a bank in itself. The Consolidated Fund is not the Barbados National Bank or any of the commercial banks in Bridgetown. If people come to the Government for concessions — hotel aids, import licences, work permits, whatever — they must come with financially clean hands.

I hope that a warning will be enough. But the total amount of money owed to Government — I think the Deputy Prime Minister knows, I spoke to him on the phone last week, he happened to be acting at the time when the figures were produced — is well over \$30 million, trenching, in fact, to something like \$40 million.

I see the honourable Member for St. Michael South Central has taken up the case of Land Tax arrears. Land Tax arrears, on the 968 pieces of land, some with \$2 500 or more owing, amount to \$8 million. There are 968 pieces of land in Barbados that owe \$8 million in land tax.

(Asides)

Rt. Hon. J. M. G. M. ADAMS: You see, the honourable Member and all of us will hear from the people who receive a notice but don't owe land tax. You don't hear from the 500 people who receive notices and are determined not to pay.

Mr. SPEAKER: Is this Bill about land tax?

Rt. Hon. J. M. G. M. ADAMS: No, Sir. I allowed myself to be distracted. This Bill is about the Telephone Company.

Sir, I have indicated the general purpose of the Bill, and the Government does not intend any longer to be without teeth in the collection of sums of money owing to it.

The only final warning I would give is this: many people have calculated that it is cheaper to owe the Government the money and pay one per cent a month than pay the bank its overdraft rates of interest. That matter is also under consideration.

This Bill contains one per cent for the Telephone Company. The interest rates have been dropped, and we will wait to see if this does anything, but if we find that people prefer to pay the Government one per cent a month than find cash to pay off their bills — no matter what the interest rate is, we will have no hesitation, Sir, in jacking up the monthly rate one and a half per cent or 2 per cent; no hesitation whatsoever. We are not

here to make it easy for debtors of the Government to hamper the cash flow of the Treasury and hamper the administration of this country by owing the Government enormous sums.

There is a lot of indiscipline going abroad in this country at the present time, and we will make a start with financial discipline on the part of those who are allegedly responsible persons and in a position to pay.

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

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

SUSPENSION OF SITTING

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that this sitting be suspended until 3 o'clock p.m. today.

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

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

On Resumption:

Mr. SPEAKER: This sitting is now resumed.

I had given the right honourable Leader of the Opposition an undertaking that I will allow him to table three questions — earlier today. I would like him to proceed with these now just before Government Business resumes.

The honourable Leader's question respecting the shrimp trawlers.

Rt. Hon. E. W. BARROW: Mr. Speaker to enquire of the Minister of Agriculture, Food and Consumer Affairs:

Will the Minister state:

- (a) how many shrimp trawlers, formerly the property of International Seafoods Ltd., have been sold?
- (b) the prices for which they were sold, and;
- (c) the amount of money actually received in respect of such sales?

Mr. SPEAKER: The same honourable Member, his question respecting financial and technical assistance received from the People's Republic of China.

Rt. Hon. E. W. BARROW: Mr. Speaker, to ask of the Rt. Hon. Minister of Finance and Planning:

Will the Minister state what financial and technical assistance has been received by the Government of Barbados from the People's Republic of China towards the construction of the proposed extension of the East Coast Road?

Mr. SPEAKER: Finally, the amount of milk or milk products sold by this country to the People's Republic of China.

Rt. Hon. E. W. BARROW: Mr. Speaker, to ask the Minister of Trade and Industry:

Will the Minister state:

- (a) the value of milk products, if any, sold to the People's Republic of China by the Pine Hill Dairy during the past five years?
- (b) the C. I. F. value of imports from the People's Republic of China during the same period?

GOVERNMENT BUSINESS

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

Rt. Hon. E. W. BARROW: Mr. Speaker, the Bill before us seeks to amend Cap. 274 of the laws of this island in respect of certain charges and the collection of those charges originally levied, I believe, on overseas calls made through the Barbados Telephone Company for the year 1977.

The Barbados Telephone Company Act itself is a very short Act. Cap. 274 of the Laws of Barbados, Sir, contains nine short sections.

The section with which we are dealing is Section 7A, which, out of the original Bill in 1930, was amended in 1977 for the third time, and I believe the fee of whatever it was, then \$100 000, was first imposed on the Telephone Company with respect to its licence to operate in the year 1974.

Now, in Section 7B, it was stipulated that:

"There shall be paid by the Company to the Commissioner of Inland Revenue, in respect of every overseas telephone call made, such surcharge as the Minister responsible for Finance, by order, determines."

That surcharge today, according to the Minister himself, stand at 10 per cent on the cost of any overseas telephone calls made out of this island. Obviously, we have no jurisdiction on calls made from abroad into the

island, but, certainly, the Telephone Company is under an obligation to pay over to the Government 10 per cent of the cost of every telephone call made from a local station.

We listened to a very long dissertation from the right honourable Minister of Finance on all the financial arrangements, the cash flow problems, the capital charges and projects of the Barbados Telephone Company, which, as far as I am concerned, would have been a great deal of interest in other respects, but certainly had very little to do with the amendments which we have before us.

I was surprised that the Minister, the right honourable Member for St. Thomas had so much information about a public company at his finger tips, which we have been trying to get for a very long time from the public records and were unable to do so. Because a lot of these public companies do not file the information with the Registrar on an annual basis that they should file, and one has to have recourse only to the non statutory declarations which they make in the Annual Financial Statements which, of course, are not binding in law or in fact, as far as I am concerned, binding on the company or anyone else.

We have received financial statements from public companies, — and by public companies, I do not restrict myself to public utility companies; companies which are not private corporations under the provisions of the Companies Act — and one cannot tell what the true position of many of these companies are from the statements which they do not file with the Registrar but which are supposed to be published for the benefit of their shareholders or such persons as they may seek to induce to take up subscriptions and shares which they may be putting on the market from time to time.

So we are not really concerned with whether the Telephone Company is making a profit or not, because the justification for the imposition of what is called the surcharge, which is really a tax on calls from local stations, is not the profitability of the Telephone Company — but whether the calls are made or the calls are not made. As long as the calls are made, as the Minister has rightly said, the Telephone Company has to pay the 10 per cent surcharge.

If they have problems in collecting their telephone bills..... they do not seem to have any problems in collecting from most of us on this side because if you are delinquent for one month, especially with overseas calls, they cut off your telephone.

(Asides)

Rt. Hon. E. W. BARROW: They cut off my telephone at a very embarrassing time, when Mr. Duncan

Sands was here and trying to reach me on the telephone. Of course, I was paying for my own telephone, the Government had not started paying for Ministers' telephones. I had no overseas calls on my bill, but because I had been out of the island for five or six weeks and had not paid the previous month's bill, they cut off the telephone.

3.15 p.m.

But that is their right, I cannot complain. I made sure they have not cut it off since, because it is an inconvenience to me to have my telephone cut off.

But where the Telephone Company does run into trouble is that frequently visitors to this island, run up enormous bills in respect of overseas calls and frequently check out of the country — and they have been renting houses — leaving their landlord with enormous bills. The landlord, of course, refuses to pay the bills, because they are not living in the house, and so the Telephone Company is left with the only remedy — to try to sue the subscriber for the delinquent charges.

Now I do not think that anyone objects to a surcharge on overseas calls. It is a means of raising revenue for the Government. I could not agree with the right honourable Member for St. Thomas — he described me as "old-fashion" when I said that it should be the reverse; that if anything and the Telephone Company wants more revenue, they should get the revenue out of the overseas calls rather than out of the local subscribers who pay a monthly rental for their telephone.

And it is not a question of being old fashion. You can elect, whether you wish to make an overseas call or not, and if on sort of mature reflection you decide that this month you cannot afford to make a certain number of overseas calls or speak as long as you are accustomed to, when you make these calls, then you have an election — you can make the call or you cannot make the call.

When it comes to a monthly charge, let us say the 57 000 subscribers in Barbados — I do not know the number, it could be 55 000, maybe 52 000 or maybe 49 000 — let us say that there are 50 000 subscribers in Barbados; when you give us warning on behalf of the Telephone Company that you do not consider an additional \$3 or \$4 on that rental unreasonable, it means that all the people in Barbados have no option that they have to pay the additional \$3 or \$4 — every single living one of us who has a telephone station or stations will have to pay that additional charge to the Telephone Company.

When you come to overseas calls they are not necessarily luxuries. An overseas call may be in relation to business; well, you get that off your income tax. An overseas call may be in relation to what is on the third page of the Advocate-News or the Nation. I know house wives in Barbados, as soon as the children are deposited

at school and their husbands have gone to their jobs they pick up the telephone, and they start reading the Advocate. (*Laughter*)

I am serious Mr. Speaker, I know of that. As a matter of fact, when they introduced direct dialing, I told the manager of the Telephone Company that you are now going to have telephone murders in Barbados for the first time, when the husbands see some of those bills at the end of the month, now it is so easy to pick up the telephone and direct dial.

There are people in New York, Mr. Speaker, — I am speaking now on the floor of the House of Assembly — that by half past five this evening could tell you who was in here and what clothes they were wearing, and all those irrelevant things about life in Barbados that have absolutely nothing to do with the economic survival of its citizens — absolutely nothing. And then the honourable Member calls me “old-fashioned” because I said put the charges on the overseas calls, because if it is business it can come off as tax; and if it is private, well they could pay for the luxury of talking.

As far as I am concerned, Sir, what I did not really appreciate here today is that we have a shot firing across the bow. We are given advanced warning before any application is even made to the Public Utilities Board. The debate is in respect of charges and I will deal with that. But I am speaking about rates, because it was quite obvious from the length of time that the right honourable Member for St. Thomas spoke on the plausibility, feasibility or necessity for paying a little \$3 or \$4 a month on your telephone rental, that he was flying — he was not flying a kite, Sir; he was sounding a note of warning, he was firing a shot across the bow.

I do not think it is right for any Member of this House, Minister or otherwise, to come up here and take up the cudgels on behalf of a public utility company that has not even sounded the note of battle, in advance; giving us warning that each and every one of us subscribers will have to pay this money.

I am not against the Government putting on a surcharge on the surcharge insofar as the amendment is concerned. But the honourable Member made mention of something else to which I would like to refer. Cable and Wireless is an overseas company; it is not a Barbados company. Cable & Wireless is one of the multinational corporations that is the godfather of transfer pricing. The honourable Member understands what I mean. This is a practice. Cable & Wireless, as a multinational company, invented the device known as transfer pricing, so that if you put the greatest accountant in the world — let me speak about the President of the Actuary, Lord

Sandilands, who is supposed to be the greatest accountant that they had in England — there is no way that he could unriddle some of the intricacies of the accounting system of Cable & Wireless.

There has got to be a case for the Telephone Company to get a greater share, but especially now, since we have signed up with Intrastat and Constat, the satellite system, it has become more intricate, because we are all captives of the satellite system now, which the Americans have promoted and got everybody else to join along with them.

What has happened in some of the Caribbean territories, Mr. Speaker, is that they have taken over their external communications. I went on a plane trip once with the late Dr. Eric Williams, a simple trip from Guadeloupe to Martinique with Dr. Williams and his family and he sat down in that plane and engineered a plan about how the Government of Trinidad & Tobago would have to go about taking over their overseas communication services, because it is an intricate matter.

I remember the honourable Minister of Trade coming in here and boasting how they had sorted out this whole problem of taking over the overseas communications, and how we, meaning the Democratic Labour Party Administration, had dragged our feet for years, and now they had come and solved it — and I sat down and listened to the honourable Member in amusement because somebody had been giving him wrong information.
3.25 p.m.

What had happened was this, Sir. We had detached certain Government officers, who we thought would have a certain proficiency in this matter, and put them to deal with the whole problem of Cable & Wireless and taking over the overseas communication, and it took them three years, like I said it would take a Lord Sandilands probably 20 years. I do not know if the gentleman is a Lord now, I believe he has been elevated, but Mr. Sandilands did the Sandilands Report on depreciation about four or five years ago, as the honourable Member would know. Mr. Sandilands, himself, could not unriddle Cable & Wireless, but the honourable Member in his glee came in here and boasted how we had been unable to loosen the Gordian Knot and he was now about to smite it with his sword.

A few years have passed, and I do not think that the Government has made any greater headway with this problem. It is not a simple problem, it is not a problem that the ordinary civil servant can sit down and solve, because Cable & Wireless have got their tentacles into every system all over the place. If the Government wants to do something, they should go to one or two of the Governments, like the Government of Trinidad and Tobago, the Government of the Bahamas, and possibly

the Government of Guyana — I do not know if they have solved anything; but possibly they could get a little advice from them — because Cable & Wireless have such a control over the whole system and the accounting systems that they would keep you turning round and round and round, and, as Mr. Nixon's advisers once said, turning slowly in the wind and getting nowhere at all.

The question of overseas calls is intimately bound up with the question of whether the multinational corporation in the form of Cable & Wireless has got things so tied up that neither the Government nor the Telephone Company is getting a fair deal.

I wish to say this. I think that the Barbados Telephone Company, compared with the other public utilities in this island, has done a good job. I think that our telephone rates are not unreasonable. I do not think that they are below what we should be paying, but I do not think they are excessively unreasonable — let me put it that way. I am not prepared to say that they are reasonable, but I am not going to say that they are excessively unreasonable like some of the electricity rates we have to pay.

I also think that the system is reasonably efficient, and I do not think that this Government can take any credit for that; I think the company can take credit for it. The fact is that, for a long time, I think it has been the policy both of the present and the past Government that it was better to leave telephone services, since it is such a technical operation, under the control, subject, of course, to Government legislation, of a private company rather than a public company.

I said a long time ago that I would not like the opprobrium as a politician of having to cut off somebody's telephone. If a telephone is going to be cut off, let the private company do it — and then I can criticise the private company for cutting it off. But the moment the Government goes taking over things like the Telephone Company, as the honourable Minister of Finance, the right honourable Member for St. Thomas said, the people will leave the telephone bill for the last, and then as soon as the telephone is cut off they will run to their representative and say, 'Look what the wicked Minister has done, he has cut off my telephone.'

You will never hear Rediffusion being cut off in Barbados, because if the telephone does not ring the neighbours will not know the telephone did not ring because it was cut off, they would think that nobody is calling the House; but when they do not hear "7—Up Sam at half past seven, they know something is wrong, so people always pay their bills from Rediffusion and they never get cut off because the neighbours would know they have not paid their bills. So I would much sooner take over Rediffusion than take over the

Telephone Company. I think it is a matter of the Barbadian outlook.

I think we can safely say that we have a reasonably good service. I think we can say that the company has not burdened the Public Utilities Board since the last confrontation. It may be that they were so reasonably satisfied with the service rendered by the honourable Member, the Minister of Trade, when he appeared for the Telephone Company...

(Hon. H. B. St. JOHN: You are wrong.)

Rt. Hon. E. W. BARROW: He is saying he appeared against the Telephone Company. I was under the impression that one day the honourable Member appeared for them and the next day he appeared against them.

Anyhow, the point is that the Government joined with the general public and opposed the application successfully, and since then all has been dormant. We have had no difficulty at all, and I do not think the Telephone Company has any difficulty in raising money, even although the honourable Member said they had a \$25 million problem — but that is on capital account, that has nothing to do with the direct operating costs and the expenses of the Telephone Company.

We understand that the Telephone Company is making application with respect to certain charges. We only know about the rate application from the hint that has been given us by the Minister of Finance here today, but let me just say something specifically in the nature of the charges.

People who are subscribers to the Telephone Company have to pay an extra amount of money every month if they have a telephone cord of a certain length.

That has been ruled illegal by the Supreme Court of the United States of America, because they say you cannot charge a person rent for a piece of cord, the cost of which is defrayed in half of the first month's rent. You cannot charge a person \$1.50 for having a cord that only cost 75 cents, and charge them that \$1.50 in perpetuity.

I should like to see somebody go to the Public Utilities Board and challenge the right of the Telephone Company to charge people rent for a length of cord, which they are doing now.

Their justification for that charge is that people tend to trip over the cord and may damage the telephone. There is a remedy for that. If the telephone is damaged in your house, you pay for the damage; but if a person decides that they want an extra length of cord for convenience, they should pay for the cord, and if they trip over it and damage themselves; well, that is their

funeral, as the saying goes. The Telephone Company should not be allowed to make profit out of a piece of cord. There are a lot of things of which the consumers in Barbados do not seem to be aware of their rights.

In so far as the charges the Telephone Company proposes to make, I do not know what the charges are, we will examine those charges when the time comes.

In so far as the surcharge which the Government now seeks to impose, we have no objection to that. If we owe the lumber yard any money we have to pay something like one per cent or one and a half per cent, what they call a finance charge. Even if you owe a travel agent they put on a finance charge, so I think that any Government is entitled to say if you owe me money, meaning a public utility or anybody else, the Income Tax Commissioner does it in respect of taxes owed by individuals and companies or corporations to the Inland Revenue Service, and therefore we do not object to the provisions of the Bill.

Anyhow, Mr. Speaker, we are a bit concerned that this opportunity should be used for a bit of special pleading on behalf of a public utility company which has not had the nerve to tell the general subscribers in this country that they intend to apply for an increase in rates. Whether I am old fashioned or not, I still say if the Telephone Company has special problems, then let them sort out those problems between the Government and Cable & Wireless.

3.35 p.m.

And since the income from overseas calls is such a considerable amount, in the vicinity of over \$33 million, I am sure that a voluntary charge like this could be easily increased without any great promotion, or dislocation in the economy of this island.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, I think it is important for us, in considering all of these matters that we are dealing with now, to remember that today, with the advances of the information technology industry, one has to look at the relationship between the Barbados Telephone Company and Cable and Wireless and look at Cable and Wireless in relation to its capacity to transmit not only voice, but data and things of that kind, and we must look at it in relation to modern day information technology.

It is not an easy thing just to say that because we have such a large percentage of income being derived from overseas telephone calls, they should carry the burden of any revenue requirements which are necessary to the providers of the main instruments of overseas telephone calls.

A new development is taking place in this area of the world. A whole new set of industrial opportunities are arising from the fact that data is being transmitted around the world for processing. Barbados stands in a very very good position to derive benefits from this new information industry of data processing. It is therefore necessary for us to look at all charges in relation to our competitors in this area, and this is an area that the Ministry of Trade and Industry has been investigating.

The second point we have to remember is this: all over the world the traditional monopolies in telecommunications and in general overseas communications are being broken. In the United States of America, the monopoly of the AT & T has just been broken. As a result, again, of technological developments. It is possible now for people particularly large firms, to set up their own satellite transmission systems not only within the United States of America, but internationally.

In addition to this, the British telecommunications monopoly in the United Kingdom has been broken. Indeed, Cable and Wireless, itself, which was a wholly-owned public company, nationalised company in the United Kingdom, has now been privatised.

These are all important developments that are taking place, and, from this point of view of the Ministry of Industry, I wish to draw Members' attention to the fact that already in this country we have been taking advantage of the technology that is coming and the job opportunities that have already arrived.

We believe that in this area more and more job opportunities will arise in the future and we should be in a position, as a Government, to have control over the cost structure of these services. For if we do not have control, as a Government, over the cost structure of these services, the competitive position of Barbados could well be affected by the independent action of Cable and Wireless which has, as I understand it at the present moment, a monopoly on the international circuits and transmission across the borders of Barbados.

I just want to draw this to honourable Members attention. I have already draw it to the attention of Cabinet.

It is impossible for us in here to sit down and decide or give views on the respective allocations of income between the overseas telephone calls as a proportion of revenue of the Telephone Company and the domestic proportion of the revenue derived from the use of the telephone internally and its rental charges. This is a whole new ball game we are dealing with and I would caution that a proper study be commissioned on all of these matters.

I know it is a fact that if you use the bench mark of the rates which are payable within the Caribbean area, not only in the sense of the British Caribbean, but in the wider sense, excluding the new sense of Central America, the domestic telephone charges in Barbados are definitely lower than those in the rest of the Caribbean.

We also have to take into account a number of factors, which I think, if one is following the developments in this area, is the accommodation of the use of the telecommunication media and the computer. The French now have coined the word as they now call it "telemakie". The English equivalent to that is "telematics". Now the transmission of data using the two of these inventions is a very very important matter.

I would really like to see an analysis of the overseas telephone calls revenue in relation to the business use of overseas calls. Again, while it is possible domestically for Barbadians who use this exercise for the purposes of their business, to write it off their tax, as far as the Barbados tax is concerned, we also have to take into account our competitive position *vis-a-vis* other countries such as India and Sri Lanka. India and Sri Lanka, in particular, are mentioned as two great competitors of Barbados in this area of job opportunities.

We both have a large reservoir of English speaking people whose education is suitable for this type of job, and I hope, as a result of the charges and as a result of the examination which the combination of the investigations of the Ministry of Finance and the Ministry of Information, that we will set up a special task force to look at this matter at a very early date.
3.45 p.m.

I really am convinced that because of our peculiar geographical situation, our very modern infrastructural development, we can cash in on the opportunities which have taken place and which will continue to take place in this new and exciting area of information technological development.

Dr. R. C. HAYNES: Mr. Speaker, I will be very brief in responding to one or two points raised by the other side, and I will be supporting the contention of the distinguished honourable Member and Leader of the Opposition.

The Barbados Telephone Company, Sir, has certainly managed to maintain a reasonable pricing structure as far as the community is concerned, and also managed to maintain a reasonably reliable service. If I had any advice to offer to them, I would strongly suggest that they do not listen to the Minister of Finance, who clearly does not understand anything about public utility financing.

For example, he said that one Member of this Honourable House, and I know of no such honourable Member, has advanced the argument that equity coupled with borrowings and the cost of borrowings do not constitute a legitimate cost of service in the determination of a rate structure in a public utility. No one has ever advanced that argument.

On the contrary, Sir, the honourable Member has always advanced the argument that equity input, legitimate and reasonable borrowings, and the cost of such borrowings, provided the nature of the capital expansion is justifiable and reasonable, and proper care is taken to reduce cost, can constitute a legitimate cost of service in the determination of a rate structure.

What the honourable Member has also said is that you cannot do that, and at the same time charge rates in advance for the purpose of a capital expansion until such time as such capital expansion is in place. So that subtle distinction has escaped the honourable Minister of Finance in his attempt to discredit the position taken by an honourable Member.

I have to be very careful how I speak in this matter, as an objector in a matter before the Public Utilities Board, and restrict myself entirely to the question of the Telephone Company.

My own feeling is, Sir, that the Telephone Company, from the accounts that I have been seeing so far, has proceeded with its capital expansion programme in a manner that is consistent with the usual methods of financing capital programmes, that is, the use of shareholders' equity and by borrowings. That is the usual way.

Now if as a consequence of that expansion programme — with the computer room and so on already in place, provided it is being used for the purpose for which it is supposed to be used — they wish to go to the Public Utilities Board for further increases in either rates or other charges, then they would be examined at that time.

And you cannot stop them, I agree with you, because they set about it in the right way, and that is why I am strongly suggesting that they continue along the path they are going and ignore the advice of the Honourable Minister of Finance who has got other public utilities in a whole lot of trouble by his own misconception of the principles of rate hearing. That is what I would suggest.

Now, Sir, I think it is unfortunate, I just happen to know that there are some matters before the Public Utilities Board relating to the Barbados Telephone Company Limited.

At this point, Mr. SPEAKER ordered that certain words by the honourable Member be expunged from the records.

What I will say, Sir, is that those charges envisaged, as far as I am aware, envisage substantial increases outside of the rate structure. The right honourable Member for St. John has already referred to one particular area which he considers to be not, perhaps, illegal – it certainly is in another jurisdiction – but I know that those increased charges are substantial, and you might reach a situation where in fact there might be no need for any increase in rates if those other charges are allowed.

And if the Barbados Telephone Company is allowed to do its own business, acting on the advice of its own accountants and legal advisors, I think they would be better off; and they would continue to maintain and enjoy the confidence of the public rather than to react to the kind of political pressures which may be brought on them, because that, Sir, in my view, is part of a very gross misunderstanding of what is happening in Barbados today by the Minister of Finance.

He referred to the Government not being a bank to a wide range of companies in Barbados. He particularly referred to the tourist sector in particular areas not paying certain dues to Government, and he identified, I think quite rightly, the Hotel Sales Tax, he identified those persons who genuinely owe Land Tax and he identified various other areas where people owe money to Government. As a matter of fact I advised him in a *sotto voce* remark to include National Insurance Funds.

But the question that he has to ask himself is why that has taken place. I would say this: if you were to carry out your threat to increase the monthly interest rate on monies owed to Government from one per cent to one and a half per cent and 2 per cent that you would probably send about 10 000 people in Barbados out of jobs and close down probably one-third of the manufacturing and the hotel sectors in Barbados.

It is for this reason: I happen to know that about one-third of the hotels in this country have no access to any credit of any kind. The commercial banks are no longer advancing them money; they have no cash flow because they have a very low occupancy rate, and this is one of the reasons why they are holding on to the cash owed to Government – in order to maintain some degree of activity within these hotels.

I would strongly advise the Minister of Finance, before he implements any such threats, to look very carefully and see whether or not the delinquency of those persons in relation to passing this money over to Government is due to a serious economic problem within

the industry or whether it is due to the fact that they are just wicked and just do not want to pay.
3.55 p.m.

I have been intimately associated with the manufacturing sector in this country, Sir, – not very successfully, but nevertheless I was a manufacturer at one stage – and I was a part owner of a hotel at one stage, so I speak from the position of someone who knows. Not that I was delinquent in anything, in any payments, but I know the kind of problems that they would face. I know that if the Right Honourable Prime Minister would ever attempt to carry out that kind of threat that you might create serious problems.

I hope, Sir, that my speech in this regard does not encourage anybody not to pay the Government what is owed to them. At the same time, I would caution Government to look and see whether its own policies in relation to credit and so on has not partially contributed to this situation. That, coupled with the recessionary situation in the country.

Sir, the question of maximizing one's taxation effort, not only by taxing positions but also by tax recovery, is part and parcel of what will be happening in Barbados today. We see multiple examples of this. We heard that philosophy expounded today very carefully, very thoughtfully, very forcibly and very decisively by the Minister of Finance. But just be careful how you set about it – you may create more problems than you attempt. More problems might be created by that than by easing of Government's cash flow in the short-term.

So I would think that if Government is going to set about doing this, they should try a programme of phasing in, and probably try to deal with it at a time of the year when the various sectors would be in a position where they would have a good cash flow problem and not to attempt to deal with it in a situation that might force hotels and other closures in Barbados at the moment.

These sums can be substantial sums. The amounts owed by hotels can run into \$30 000, \$40 000, \$50 000, the non payment of taxes, property taxes and taxes on room occupancy and when you take also the cost of public utilities – that is another problem, Sir, and at the end of the month, these fellows have a serious problem and they have to determine which bill they are going to pay this month. Are we going to pay the water Bill. Are we going to pay the telephone bill.

And a lot of the arrears are consequential on the economic situation in Barbados and not due to delinquency on the part of the majority of the manufacturers and hotel owners in Barbados. I just cannot believe, Sir, that we have a majority of people in Barbados who are deliberately delinquent in their bills. I think that it is due to economic pressure, and great caution should be exercised.

What is even worse, Sir, — it has been brought to my attention by my distinguished colleague, Sir, — is that Government itself, the Minister of Finance, has been delinquent in their payments to the Telephone Company and to the Barbados Light and Power on many occasions, and that they, too, have contributed to compromising the cash flow position both with respect to the Barbados Telephone Company and the Barbados Light and Power Company.

I believe there is a case where lights have been cut off and Government telephones have been cut off. So when you are castigating the private sector, remember that Government as a major consumer in this area has also been delinquent and probably contributing considerably to undermining the viability of the very Telephone Company that you are talking about.

Thank you very much.

Hon. L. S. CRAIG: Mr. Speaker, I listened to my colleague from St. Michael South Central convey to the public of this country not to pay their bills. That is exactly what has come out.....

Dr. R. C. HAYNES: On a point of order, Sir. I was specific during my presentation to point out that I did not wish to convey to anyone that they should not pay their bills, if you recall. Most specific in that, Sir. Those are not the exact words, but I was most specific in that, Sir.

Hon. L. S. CRAIG: That is exactly what Eric Sealy used to say, Sir. "I did not say that Bradshaw killed him, I heard so." That is a clear, clear, clear approach to the whole thing.

I understand that the honourable Member said that in days of recession the Minister of Finance should examine the problems confronting the manufacturers. He said that he was a manufacturer. He had \$20 in Rattan Furniture which Philip Greaves knows about. Manufacturing what? Always conveying some big thing. Ten dollars in shares in Rattan Furnishing Company and he and Forbes fell out, and the Member for St. Philip North had to come in, after he lost his seat, and manage the business. Try and deny that. (Laughter)

Now, Sir, what he is actually saying, Mr. Speaker, is that in the days of recession, as you have all over the world, he is calling on the manufacturers and the hoteliers not to pay the Telephone Company.

I understand that what is before the Honourable House, Sir, is that the Minister of Finance is endeavouring to make sure that the Commissioner of Inland Revenue makes sure that Government gets its money from the Telephone Company and sets about, Sir, to point out how delinquent the hoteliers and the manufacturers are not paying the Telephone Company and the Telephone Company, in turn, will not pay their dues. Therefore, he is trying to guarantee that the Government is protected.

The argument put up, Sir, by the honourable Member for St. Michael South Central is that because there is a recession throughout the world — as far as the Opposition is concerned, the only place that there is a recession is in Barbados — that he should phase in, or phase it down, or phase it out and give them an opportunity then to pay \$20 this week and \$20 next week until they get it off.

I know as a fact that if I owe the Telephone Company for two months, and I get up, Sir, at 12.10 p.m. after the two months are up, and I pick up the receiver from the cradle, I get no dial tone at all. There is no dial tone. I have gone through the eddoes for \$58, two months, but the hoteliers could owe some \$30 000, \$50 000 and \$60 000 and their phones are not getting cut off.

I do not want to hear about any recession. If they owe the Telephone Company money, they are to pay it; and if they do not pay, it is the duty of the Barbados Telephone Company to pull out the plug as they pull out my plug.

They pull out the carpenter's plug, they pull out the plug from the School Meals worker, they pull out the plug from the hospital attendant, all of these people, and they are to pull out the plug. But, strange enough, Sir, they will always owe \$30 000 and \$40 000, and if they pull out the plug at 12.00 o'clock, they could always find the cheque to pay the Telephone Company and get it put back on — and it would only cost five dollars.

All the Minister of Finance is asking is please pay the Telephone Company so that the Telephone Company would pay their dues into the Income Tax Department so that the Government can get some money to put into the Treasury to pay Joe Goddard and the NUPW \$25 million. That is it in a nutshell.

I do not know if the Government cannot collect money from the Telephone Company, from Cable and Wireless, from the Light and Power. I have to pay my Income Tax, the Cabinet Secretary takes out mine before I even get it in my hands, Sir; I have to pay my dues. Therefore, all the big fish must pay theirs the same time. And if they do not pay, the Government must be in a position to make sure that they will have their lean, first lean on the Telephone Company for their money. 4.05 p.m.

With regards to the argument which the Member for St. Michael South Central introduced about watching it carefully and phasing out, this is nothing which happened yesterday. You don't owe anybody \$40 000 or \$3 million in telephone calls in a month. This is over a period of time, maybe five or seven years — I do not know.

And there was no recession in Barbados yesterday. They had bumper years between 1978 and 1979, 1980, 1981. We get put into a tailspin, like all the countries in the world, through depression coming from behind industrialized countries. Now that the Government is setting out to collect what money they are to collect, they are hearing a very irresponsible statement from the Member for St. Michael South Central, conveying to the hotels that they are not to pay any money — give them a chance to pay.

If the Telephone Company is going to give them a chance to pay, Sir, I want a chance to owe them, too. Don't pull out my plug if I owe two months. Give me a six month work-out, too, because I am in the recession also, Sir. It is as simple as A, B, C.

I don't know about that irresponsible statement... just for the purpose of talking. He cannot help talking; he has the answers to all the economic problems in the entire world. He has all of the answers.

Now that we are trying to make sure that there is money in the Treasury, to be able to pay the civil servants, to be able to pay the nurses, to be able to pay the police, to be able to feed the prisoners, to be able to buy medicine for the sick, and to give the old age pensioners.

As a matter of fact, when they cut off the old age pensioners' water, the first person to come in here keeping noise was the honourable Member for St. Michael South Central — how this wicked Government took away the pension cards. And now that we are trying to get money into the Treasury, you hear that we must give them a chance — give them a chance to pay.

He gets up now talking about being a manufacturer. What manufacture is he talking about? What manufacturer he was? Ten dollars a share in Forbes Rattan place, and he and Forbes fell out over \$10. He was a manufacturer, and therefore he knows what is a cash flow problem. There may be a cash flow problem at Delaware. That is where the cash flow problem would be.

Sir, I support what is before the House, as introduced by the Minister of Finance, in making sure that there is a guarantee of this money in the Treasury at the end of each month, or whenever it is to be paid. They had thousands of dollars owing in Sales Tax. The hotels, as you have heard the Prime Minister point out, owe the Government money, owe the Telephone Company and would not pay. The manufacturers, all of these sort of things — the problems are there. The collections are bad.

The Member for St. Michael South Central knows well enough that if you went to the United States of America and you took ill, when you get at the hospital

door as a patient you have got to put the money, up front, before a doctor touches you.

The last Speaker, Speaker Maxwell, the former Speaker of this House, had to come back to Barbados because he was hospitalized, and his sister could not pay for him in the hospital in the United States of America, and the doctors refused to touch him. Of course, the DLP is responsible for that anyhow. (*Laughter*)

Mr. SPEAKER: What does that have to do with this Resolution?

Hon. L. S. CRAIG: Collection of money, Sir. We are dealing with the collection of money and how to pay money up front.

Mr. SPEAKER: The Telephone Company?

Hon. L. S. CRAIG: Yes, pay the Telephone Company, the hospital, the Light and Power, anybody, up front, the Water Authority, Sir. All of these people should pay up front so that we can get money into the Treasury, and having money in the Treasury you will be able to carry out your responsibility to the country.

So it is nonsense which I hear advocated about why the Minister of Finance should be very careful, and you must phase it out and give the people a chance to pay because the banks have not got any cash, and they have not got any cash because this bad Government has brought about measures to run down the country, Sir.

All this Minister of Finance did over the past five or six years was run down the country. And now that he is trying to get money, you hear, 'give them a chance to pay; they have a cash flow problem.' And using as an illustration people in manufacturing! What manufacturer he is?

Mr. SPEAKER: The question is...

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, in a very brief reply, I would like to thank the Leader of the Opposition for his most cogent and well argued speech and also for the insight he gave us into former negotiations with the Cable and Wireless company.

It is a fact that this has been a persistent problem with the Government over many, many years, more than two Governments perhaps, Sir. I have some experience of being shown Cable and Wireless's accounts and sending them to be analysed when we were taking the position about improving the Telephone Company's share of the revenue back in 1978 and 1979, and being unable to make head or tail out of them, with the Ministry of Finance being in no better position in its Management Accounting Section. And we came to the conclusion that

it was quite impossible, on the basis of the Cable & Wireless accounts, ever to decide what would be a fair allocation from their point of view.

At the time that this was going on, the whole matter was compounded by the fact that Cable & Wireless was attempting, and it attempted very successfully, to sell itself to the general public in Britain. It is said that the British Government sold it for far less than it was worth, and fortunes have been made out of Cable & Wireless since the sale by the British Government.

But from the Barbados Government's point of view, Cable & Wireless, after telling us that they would be unable to maintain the overseas services if they did not have their share of revenue that they were already getting, published in its prospectus that the changes in the divisions of the share of revenue overseas would not make any difference in the company's profitability. And the company profits actually were 57 per cent more than projected in the highly optimistic prospectus. So I do not feel sorry for Cable and Wireless, and, in this, I join with the Leader of the Opposition.

I believe that Cable and Wireless could afford a much greater share even a 50 per cent, but that is all the Telephone Company are asking for at the present time. And I fully accept the Telephone Company's contention that it is wrong for them to spend money generated by the consumers in Barbados, guaranteed by the Government, in the case of loans on improving the size of the plant, from which Cable & Wireless would then draw the profit.

But the honourable Member for St. John is mistaken in thinking that I am trying to bully the Telephone Company into a rate case or anything of the sort. I think, perhaps, my point was put better by the Deputy Prime Minister than I was able to put it myself. We really need a study. We must estimate the balance between the cost of overseas calls and the cost of paying for a telephone domestically.

These unlimited telephone calls, Mr. Speaker, because we have them, we do not really realize the benefit. Nobody in North America easily picks up the phone and speaks for an hour and an hour and a half. The average number of telephone calls made, for example, in Britain, is one per day; no more than that. The number estimated in a recent study, by Siemens of Germany, on tariff rates around the world, is 700 telephone calls a year. That is the average number of telephone calls made from world telephones - that is less than two per day.

I do not know anybody in Barbados, unless they are deaf, who does not use the telephone more than twice a day. Anybody who has experience of ringing an office, who sees how employees fasten themselves on

the telephones, anybody who has experience in the House of Assembly that when it increased its membership by three, also had to increase the telephone lines by three, will realize how much Barbadians use the phones.

Our pay phones are, I suppose, quite expensive - oh, it is ten cents, I thought it was more. The honourable Member and I know a man who carries an armchair, to a particular pay phone, sits down in front of it with an armchair for his ten cents, and it is actually more destructive in the long run of the economics of the company that people use the phones for so long, than the overseas calls which are made.

4.15 p.m.

It is more luxurious to use the phone for an hour than to telephone your child abroad. I must say, Mr. Speaker, I have told my child abroad don't ever ring me collect unless an atomic bomb is about to fall on the university, because I do not believe in encouraging it, but it may be less luxurious to do that.

(Mr. L. E. SANDIFORD: You call him).

Rt. Hon. J. M. G. M. ADAMS: Never. He is not to use his money and I am not to use mine.

The economics of an unlimited call system are difficult. I can confirm what the honourable Member for St. John was saying. He did not fully develop his point, but in Rio de Janeiro last week, the Director of Finance and Planning, our Consul in Rio and I were discussing a matter, and we got a note that a telephone call was to come from Barbados at 4 o'clock. We missed it, I wondered what it was. We came in after lunch, I picked up the phone and somebody said "I want to read what the Nation has in," and they read out the headline "Row in NUPW, Colton Bennet did not strike," and the whole front page of the Nation was read to me.

Now this is a country that appreciates the telephone, and I suppose that that is an argument for high overseas telephone rates, but the fact is there is room for a new tariff study.

Americans do resent doing business in another country, for example, where telephone rates are many times the telephone rates in the United States. It gets spoken about. They tend to make collect calls, if possible, and, therefore, in the end we may lose the revenue, because they would make a telephone call to their own business and we do not get the revenue in Barbados.

I think that honourable Members will appreciate that any remarks made about a few dollars on the monthly rate as opposed to reducing the overseas, are made within the context of the need for a general tariff study.

Remember the Telephone Company is not going to want to rock its own boat. It knows what the overseas rates are, and it knows that it is making money - even

with an unfair division on those rates. The Telephone Company is not easily going to put forward a case to reduce the overseas rates. It is not going to do it, utilities do not easily do that. Therefore, I think that honourable Members should perhaps give some consideration to the whole concept of balancing the rates equitably between domestic and overseas.

If the Opposition decides that there is political gain to be made out of insisting that you stand on some of the lowest telephone rates in the world and that any increase in the monthly rate is automatically a thing that will gain popularity, in the long run it may even cost the very telephone consumers; because as the habit of direct dialling spreads, more and more people will make a little sacrifice to make an overseas call, where, in fact, telephone calls from overseas might well be reduced to the cost of calls from Miami.

I made calls from Miami back to my office. I could not believe it, I said, "Are you sure the amounts are correct?" Two dollars and fifty four cents to make a business call during business hours to a business place. That is a very cheap rate. When the Miami businessman comes down here and finds that even if he does not do business his minimum rate would be \$7.50 or whatever the U.S. amount is, these are all matters to take into account.

I thank all honourable Members for their contributions, except the honourable Member for St. Michael South Central, who has really excelled himself today in saying that hotels must not pay their Income Tax, the PAYE and the National Insurance because they cannot get money from any other source.

Dr. R. C. HAYNES: On a point of order, Sir. I would just like to make it quite clear that I made no such statement.

Rt. Hon. J. M. G. M. ADAMS: The honourable Member's statement was of this class. He said, 'I am not telling you to burn the place down, but if you go along there with the bottle of gasoline and the box of matches and some spills and the match drops and sets it afire, the building needed demolishing anyhow.' The honourable Member says, 'I am not telling anybody not to pay, but how can you expect them to pay if they cannot get money from any other source.'

Dr. R. C. HAYNES: If the honourable Member will give way, on a point of elucidation. If the honourable Member wishes to go down that path, all he was doing was bringing.....

Mr. SPEAKER: Please.

Dr. R. C. HAYNES: I am elucidating a point I made.

Mr. SPEAKER: Please. The honourable Member will take his seat. The honourable Member will take his seat. The Standing Orders specifically state a Member might rise to elucidate, but he will only elucidate when called upon by the Speaker, although the Member who has the floor gives way. I do not now propose calling the honourable Member who rises to elucidate. The right honourable Prime Minister.

Rt. Hon. J. M. G. M. ADAMS: The only final point I will make Sir, in the light of the fact that some reference to rates, was made, I can say fairly definitively that the Telephone Company has not made any application for a change in anything that we understand to be a rate.

The Telephone Company is in correspondence with the Public Utilities Board about disconnection and reconnection fees, which are at present \$5.00 — they want to raise this to \$35 or 10 per cent of the unpaid amount — installation fees, change of address fees, and a late payment charge. They are the only charges.

As a matter of fact, Mr. Speaker, the Telephone Company has argued that some of those things are not rates at all and that they are entitled to charge them. For example, adding 10 per cent to the unpaid bill at the end of the current month, and this has been subject to consideration by the Ministry of Consumer Affairs and by legal officers as to whether the Telephone Company is entitled to do this.

So we are familiar with it and the consensus has been going on a long time. I remember the honourable member for St. Andrew putting the case very strongly, that any change at all which they wish to make should be subject to a public hearing. That was when he was the Minister a couple of years ago.

It is not something that happened yesterday, and that this debate in the House is intended to form some kind of preview on, this is a matter that has been point on over a very long period.

The Telephone Company has to disconnect between two and three thousand people every month, and the cost of disconnection now is becoming significant. I think I heard it is costing them \$400 000 a year just to disconnect and reconnect people's telephones for non-payment, and these are the matters which are outstanding, not any question of the \$19.50, or however much it is, per month a residential phone costs.

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

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

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

On the motion of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. L. S. CRAIG, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. J. G. ODLE in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is in Committee.

Clause 1 was called and passed.

Clause 2 was called.

Dr. R. C. HAYNES: Sir, I would like to refer to Clause 2 (1A) which says that "a surcharge imposed in pursuance of subsection (1) is payable not later than 3 months from the end of the month during which a demand for payment of the surcharge is made."

I would like to say this, Sir, that since I do not expect the honourable Member for St. James North to do otherwise, but since the Minister of Finance — I am sure he does — does not take the point that I am taking of critical cash flow arrangements in terms of these things being payable, particularly in the tourist areas, I would invite him to go ahead and carry out the threat that he is carrying out right now and I will bet you that by December you will pelt 10,000 people out of jobs in Barbados in manufacturing and tourism. You go ahead and do it.

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

Clause 3 was called and passed.

On motion of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. L. S. CRAIG, Mr. CHAIRMAN reported to the SPEAKER the passing of one Bill in Committee, and Mr. SPEAKER resumed the Chair and reported accordingly.

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

Mr. SPEAKER: Order No. 1.

Order No. 1 was called — To move that the House resolve itself into Committee of Supply to consider the grant of sums of money for the service of the Island.

Hon. L. S. CRAIG: I beg to move that Your honour do now leave the Chair and the House go into Committee of Supply.

Mr. SPEAKER: The question is

Mr. L. E. SANDIFORD: Mr. Speaker, we are raising a matter here, and I crave your indulgence. This is a matter that was not circulated, Mr. Speaker, and the Opposition has had no time to study this matter, and we are asking the Government to defer consideration of this matter until such time as we have studied it. It would apply to this particular item as well as the other one of those items which were not circulated.

Hon. L. S. CRAIG: Sir, I can appreciate what the honourable Member has said but the Leader of the Opposition earlier today said that he had no objection in doing this matter. He said it on the floor.

Rt. Hon. E. W. BARROW rises.

Hon. L. S. CRAIG: Just a minute, do not get up yet. Just let me finish.

Rt. Hon. E. W. BARROW: I said that I had searched yesterday afternoon and I obtained a copy and I, personally, had no objection, but that would not apply — and I made it clear — to my colleagues on this side. I do not like being misquoted.

Hon. L. S. CRAIG: You also indicated that you could do it. You remember that carefully. You also indicated that we could do Item No. 1. However, Sir, it is only for a phone call for \$14 000. This is something big? You indicated that we could do it and now you are stalling back. Sandiford drive you in a corner or what? You are losing your sting; here.

Sir, I think the Leader of the Opposition and Members on the other side know that I never try ramming anything down. They know this very well. They can appreciate this. We would like to get this out of the way.

A watchman went cooling out in an armchair and he made some overseas calls totalling some \$14 000 — cooling out and calling his girlfriend overseas. The thing about it is that this is in the Member for St. Michael South constituency, at the Garrison School. This is all. There is nothing big about this. He is from Deighton Road. He was working at the Garrison School as a watchman.

This wicked Government gave the Dems supporter some work and he made telephone calls totalling about \$14 000 to his girlfriend, and then he blew town. That is the thing about it, so we are only trying to regularise it.

There is nothing else, or you want to hear more about your constituent?

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, if I can be heard. The reason why I did the Telephone Company Bill before this was to give honourable Members every chance to talk about the telephone, the Telephone Company and so on, because this might have been used as an occasion for talking about the Telephone Company and the telephone services.

The substance of the matter is small. A watchman at the Garrison School telephoned his girlfriend in America every day. The police actually came to him and he tried to put it on some little girl who was there. This is so small that I am surprised that honourable Members would want to postpone it.

4.35 p.m.

I honestly thought that this is a trivial matter and it would be better to have a debate on the telephone services, on a substantial matter, rather than come in with trivial issues.

Rt. Hon. E. W. BARROW: We are just discussing whether this matter should be proceeded with and I hope that I am in order. I should just like to state our position.

Mr. SPEAKER: I am prepared to allay the fears of both sides of the House on this matter, and that is why I just checked with the Clerk at the Table.

At the start of business this morning the Leader of the House read a communication from the Clerk, a copy of which had been received by the right honourable Leader of the Opposition. I, too, had been served with a copy. It was drawn to the attention of both sides and to the Chair that the matter now under reference, Item 1(a), and Item 3 on the Order Paper had not been circulated with the bundle.

I recall very clearly that the right honourable Leader of the Opposition was pleased to state that whilst some Members on his side had not received their copies, he had seen to it that he had received his yesterday, or words to that effect, and what I was satisfied about, because this is what the Leader of the House was concerned with, was that he had given an intimation of his desire to proceed with the matter and deal with it in all its stages today.

And learning, for the first time, that it had not been circulated, that was why the item was being read, because the Clerk was updating the House as to the situation respecting the Order Paper and what not.

I accepted from the honourable Leader of the Opposition that he was speaking for the Opposition and that there would have been no objection to the Leader of the House proceeding with the matter. It was that point that brought a measure of satisfaction in the House that there was no dissention on this side, and the circulation of the document was proceeded with forthwith, because I was prepared to see to it that the Leader of the House did not set out to deal with the matter instantaneously, so to speak, and that the Opposition, like other Members on the Government side, should have time to familiarise themselves with the contents of the Resolution or whatever it was.

Believe me, I was somewhat aghast when I heard the right honourable Leader of the Opposition say a few seconds ago that he was speaking for himself, personally. He did not say so in such terms this morning, so let the matter rest here. The honourable Leader of the House is entitled to proceed with the matter.

COMMITTEE OF SUPPLY

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that Your Honour do now leave the Chair and the House go into Committee of Supply.

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

The question was put and resolved in the affirmative without division, and Mr. SPEAKER left the Chair and the House went into Committee of Supply, Mr. ODLE in the Chair.

Mr. CHAIRMAN: The House is in Committee of Supply.

SUPPLEMENTARY ESTIMATES 1982-83

No. 5

HEAD 34 - MINISTRY OF EDUCATION- \$14 029

Hon. Miss B. A. MILLER: Mr. Chairman, this matter is already so well aired that I suspect I shall not have much to say. The Addendum which has been circulated, certainly since midday today, is explicit.

A watchman at the Garrison Vocational Centre, a man called Harold Wiltshire of Mission Gap, Brittons Hill, made overseas telephone calls while he was supposed to have been watching at the Garrison Vocational Centre in the evenings, and ran up a bill in excess of \$5 000, in fact just over \$5 500, for overseas calls to the United States of America.

In those days, billings for overseas calls were quite different from the billing system which is in effect today, and maybe two months and sometimes three months

would pass before the bills showed up on your telephone bill, and this is what happened.

This whole business took place over a period of four months. By the time it was probably drawn to our attention, when our accountants in the Ministry queried the size of this bill and the authenticity or otherwise of the telephone calls, it became clear to us that the watchman was suspect.

In the Ministry, Mr. Chairman, I want to say that we went to a great deal of trouble, and I want to commend the officers of the Ministry, those workers at the Barbados Telephone Company and those members of the Royal Barbados Police Force who, together, helped us to trap this man in the act.

It is unfortunate that while we were waiting on the Attorney General's Chambers to advise us as to bringing civil proceedings against Mr. Wiltshire, the woman, who it is believed he placed those telephone calls to in the United States of America, came down here and they got married. He was a man of such courage that he allowed his marriage to be posted in the newspaper with a large photograph of himself and this lady announcing that they would be spending their honeymoon here and there and everywhere and that they were going to the United States to reside.

4.45 p.m.

We had taken certain steps in the Ministry to make it difficult for Mr. Wiltshire to skip the country, but it was not as easy as one might think. He did, in fact, leave Barbados, and we believe he is indeed residing with his spouse in the United States of America where it is not possible for us to pursue this \$5 500.

We had even considered the possibility, in the very early stages, of criminal action for the stealing of this service, but it seems that certain clauses in the legislation to deal with the stealing of electricity from the Electric Company in Barbados are not to be found in the legislation which governs the Barbados Telephone Company, and so the kind of action which the police might have brought against him was not possible. Civil proceedings are far more detailed and, as I said, he managed to get away before we could even file a writ.

As the right honourable Prime Minister tried to point out, Mr. Chairman, this whole incident is highly instructive, and, in fact, the greater part of this \$14 000 being sought in this Resolution is not to settle the monies now outstanding and owing to the Barbados Telephone Company, but the Ministry of Education proposes to debar overseas calls made on telephones in its various institutions.

We decided to do this after much consideration. It is not possible, Mr. Chairman, Sir, to put call boxes for the use of watchmen, because then it means that you have to get into the business of providing the watchmen with ten cent pieces, or if they have to make a telephone call as a watchman, reimbursing them with the ten cent pieces. The whole thing is not feasible.

The greatest danger with the call boxes is that it is an open invitation to the public to come into school premises or into the precincts, and that is fraught with other problems.

We have looked into all of the other possibilities and it seems that this is the only way to deal with the problem.

In the schools and vocational centres, telephones from which overseas calls might be made are, for the most part, to be found located in the inner offices of senior officers who are expected to lock those offices when they go off in the evening or go off at the week-end.

But there are some telephones, Mr. Chairman, which have got to be made accessible to the watchmen, if there is a fire, if there is the threat of some other hazard, if there is a police or other alarm, that a watchman in the course of his duty, and it certainly would be his function, could report by the telephone.

So we have concluded that this is perhaps the most practical way to deal with the problem. But there is a cost involved. For a fee, the Barbados Telephone Company will institute a system where from a particular telephone number, if one seeks to make an overseas telephone call, it can be debarred for a day, or a night, or a specified period of time. And I have decided that in the institutions of the Ministry of Education, we had better debar all overseas telephone calls on telephones which are accessible to watchmen.

I cannot put the debar on all of the telephones, because, as I said, senior officers such as Permanent Secretaries and Deputy Permanent Secretaries have to have free access to the overseas telephone if they are expected to carry out the Ministry's and the Government's business in a businesslike manner.

So it will turn out that the greater part of this \$14 000 is to pay the Telephone Company to institute this debarring service at the earliest opportunity. You see, as soon as this incident gets a little publicity, Mr. Chairman, a whole bunch of watchmen, not only in the Ministry of Education, not only in the Government sector, but also in the private sector, will feel that they could have a field day at the work site on the overseas telephone.

I want to use this opportunity, too, Mr. Chairman, to serve warning on all those employed in the Ministry of Education in particular that this device is going to be installed, and if they find there is a means around this, there will be no chance this time of waiting for any writ to be served. The writ will be served and we will negotiate settlement under the writ. We are prepared to do that.

(Aside)

Hon. Miss. B. A. MILLER: The same way we proved that this man was guilty, the same way we caught him in the act, the same way we will be able to do it. Do not ask me the secrets and my way of doing things. Do not ask me. We knew, and we found Harold Wiltshire in the act. We had ways and means of discovering that.

But, Mr. Chairman, as I said, it is instructive as to the kind of abuse to which the Government's telephones can be put. It also shows us very clearly the iniquities of the direct dialling system. It does not come without its minuses. It is a very serious thing when you are dealing with institutions and Government offices.

That is the situation as it now stands with this particular matter, and I beg to move that this subhead do now stand part.

Hon. L. S. CRAIG: Sir, I beg to second the Resolution.

I now realise how lawyers can have a field day with matters of this nature, because if I had to go in court to try to justify the case I would argue that at 10.00 o'clock the night, yes, I was at the Garrison Secondary School using the phone – but I was talking to my woman in Barbados, not in the States; and the Telephone Company would have to identify that I am the person.

I would say that I am Howard Jones talking to a girl in Spain. I do not know, the lawyers have a way of doing these things – but I would argue that in court. I would argue that in court, Sir, that at 10.00 o'clock when the police came and found me on the telephone, I was talking to Joyce Brathwaite in Deacon's Road.

I beg to support the Resolution, Sir. *(Laughter)*

Mr. CHAIRMAN: The question is....

Mr. L. L. SISNETT: Mr. Chairman, I have listened to what the Minister has said on this matter and I would just like to, perhaps, offer a suggestion to the Government, less, in a few weeks' time, we will be back here with another Resolution for another \$5 000.

The matter is a very serious one and I believe that the Government would have to make a decision, as a general policy, to have most of its overseas calls on the debarred list, and only those officers who are appointed to make overseas calls be the ones in the position to make such calls.

We have a situation, because of the use of direct dialling, where anyone can come to an office and ask for a general call. That call would generally be registered against a particular office. Whereas, normally, that call might only be a local call, there is no one to monitor to see if the person is making an overseas call.

I believe that unless the Government makes an across-the-board decision, generally, to make it policy that these calls must be on the debarred list, we will be here time again and again with a similar Resolution. It must be the policy of the Government to have some standard of acceptance as to who is responsible for making calls, or I am afraid that we will be here month in and month out looking for money to pay for overseas calls which watchmen and other people have made.

The question that Head 34 stand part was put and resolved in the affirmative without division.

On the motion of Hon. L. S. CRAIG, seconded by Hon. DeL. O. BRADSHAW, Mr. CHAIRMAN reported the passing of one Resolution in Committee and Mr. SPEAKER resumed the Chair and reported accordingly. 4.55 p.m.

On separate motions of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. L. R. TULL, the Resolution was read a first and second time, and agreed to.

RESOLUTION TO APPROVE THE GUARANTEE
OF \$17 000 000 FOR THE ISSUE OF
SUGAR INDUSTRY BONDS

Order No. 4 was called – To move the passing of the Resolution to approve the guarantee by the Government for the borrowing of \$17 000 000 by the issue of Sugar Industry Bonds by the Barbados Sugar Factories Limited.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I wanted No. 3, Sir, but they told me that there might be some difficulty about that. So I hope that when we have dealt with '4', perhaps we can handle '3'. But '3' is very important, Sir. These matters are really very important.

Now this is an order which has already been called, Sir, and which was postponed from earlier in the session. The matters which have led to this Resolution, Sir, have

been very adequately canvassed in the House already. There are two Resolutions on the Order Paper for today, which seek to deal with the Government's reorganization of the sugar industry.

As all honourable Members know, the sugar industry in Barbados have suffered very severely from bad prices, bad weather, and, in some cases, at all levels, bad relations in the industry. The Government, therefore, decided that we would have to enter upon that mark of sophisticated Government agricultural relationships signified by the introduction of an element of a support price.

The concept of a support price is not new. There is little doubt that the enormous agricultural expansion that has gone on in the United States over the last thirty years, and in Europe over the last twenty years, could not have taken place without a system of guaranteed prices, such as has enabled America to move from a position of being a net importer of food to being one of the world's largest exporters of food – in fact, the largest exporter of food ever known in the world, or the European Economic Community to move from a situation where it, too, was an importer of food to a situation where it has lakes of milk, mountains of butter and whole “Himalayas” of sugar in storage at the present time.

In these countries, Governments are rich enough to allow them to set support prices for farmers and to back up the support prices, in the case of the United States, even by paying farmers not to grow crops – the concept of the soil bank – and this has proved useful to the farmers, although very destructive to the taxpayers of these countries, and very destructive, indeed, to farmers in other countries.

Barbados is not in a position to afford a sugar support price system such as prevails in the EEC and in the United States. We must gear our positions to the needs of the country and to the means of the country.

Therefore, Sir, we devised a scheme which is unlike the schemes which exist in Trinidad and Jamaica, which have contributed greatly to the economic difficulties in both those countries, in that our scheme provides for the support price to be given by way of a loan in the first instance, and only, subsequently, depending on performance, will this price be converted into a grant.

Our need is still to increase production. We are not in the position of the EEC or America, where, if there is an increase in production, they do not know what to do with it. We do need an increase in production to maintain the viability of the sugar industry.

In amplification of a remark which I made when this matter was first presented and outlined to the House,

I would say that we have decided that the amount of \$17 million is needed to maintain the price, and this is the amount which we are seeking to raise by way of a bond issue.

The bond issue, Sir, is in two tranches. One tranche will be taxable and will carry an interest rate of 13¾ per cent. It is planned to place this tranche mainly with life insurance companies. These companies do not pay tax at the 45 per cent corporation tax rate – there is a special tax regime for these companies – and it is more attractive for them to have bonds in which tax may have to be paid than to have the tax free bonds. The interest rate of 13¾ per cent should give them a net return, after tax, roughly equivalent to the net returns from alternative investments such as mortgages.

5.05 p.m.

The life insurance market is quite an important one in Barbados. We are very happy to say there are various negotiations going on with the Colonial Life Insurance Company of Trinidad, which we found to be an enlightened and far-seeing company, for some involvement of this company, also, in the Barbados investment field, and we hope that this company in addition to Barbadian companies will also take a share of the taxable tranche.

The non-taxable tranche will consist of bonds offered on attractive terms, 10 per cent tax free, to businesses which pay 45 per cent corporation rate. We estimate that this will indeed be highly attractive to such businesses, especially with interest rates generally coming down, and we are anticipating, Mr. Speaker, that the businesses of Barbados, recognising that a viable sugar industry is extremely important for all kinds of economic activity in the island, will support this new offer, guaranteed, as it is, by the Government.

For a series of reasons connected with the Government's general economic projections, we have preferred to handle this by way of a guarantee, through Barbados Sugar Factories Limited, rather than handling it directly on budget.

The difference is a little more a difference in name only. But if details are wanted – no doubt I can give details, but I will not trouble the House with going into the day to day nuance of administration of the scheme. Sufficient to say that it should be stressed that the Government is closely supervising all phases of the sugar price support scheme to make sure it achieves its objective of returning the industry to economic viability.

Honourable Members will recall that when the Act came before the House, we went to some trouble to amend the section relating to management to ensure that it is made clear that the ultimate management of the fund

is subject to the overall direction of the Minister of Finance.

The Ministry has already been urging on Barbados Sugar Factories Limited that it appoints a qualified Financial Controller. It will now be dealing with much larger sums than it has been accustomed to, and it will be dealing with a price support scheme, which is outside its normal sphere of activity.

I would add, Mr. Speaker, that there are other initiatives which the Government is now taking and urging on the sugar industry, notably initiatives which are intended to deal with the problem of burning canes.

Opinion in Barbados has gone round and round in circles about the burning of canes. I, fortunately — because, perhaps, I could have been misguided enough to look in the other direction — never believed in controlled burning. I remember arguing with estate owners and the people in the Ministry of Agriculture years ago about this particular matter.

Many people, who were better qualified than I could judge, believed in controlled burning. It turned out not only to be a failure, but a catastrophe for the island, for our ecology simply will not stand the concept of a sugar industry based on the burning of canes.

I do not want to assign blame to anybody — as they say, *nous sommes tous les assassins* in this particular matter — but what is now beyond doubt is that the sugar industry can never return to full profitability and full viability unless the burning of cane is reduced.

The burning has been identified as the major cause of the fall in yields obtained over the last 20 years. There is not all that much less land now under cultivation than there was 20 years ago, but there is no doubt that burning canes has reduced the amount of sugar which we get from the fields.

There is really hardly anybody, Sir, who, in the long run, benefits from burning the canes. Cane cutters are beguiled by the fact that they can cut more burnt canes than green canes, but there is only a finite amount of cane to cut anyhow, so at the end of the season if all the cane is burned, the cane cutters as a whole will get less than if it was not burnt.

The plantation owners have had it demonstrated to them over and over again that burning the fields reduces their yields in subsequent years, yet there may be circumstances in which the managers turn a blind eye to the burning of a field.

The Government considers that some further financial incentive will have to be given to encourage the

cutting of canes green and is prepared to support a scheme which would add, at the end of the season, a bonus to cane cutters who have worked on plantations where a particular percentage of cane has been cut while green.

The Barbados Workers' Union will soon be consulted about this scheme, and I look forward to the co-operation of the Union in this exercise. I cannot think that the union will object to cane cutters getting a little extra money, by way of a bonus payment at the end of a season, if they manage to keep fire off the estates where they work.

Mr. Speaker, the prospects for this loan cannot fully be reported to the House, because the preliminary pledges which have been obtained by the Central Bank will be dealt with this week.

(Dr. R. C. HAYNES: Last Wednesday).

Rt. Hon. J. M. G. M. ADAMS: The honourable Member for St. Michael South Central, who seems to believe that he has a special line to God and that both his facts and opinions are divinely inspired, should, perhaps, be advised that people who believe that they are in direct speaking terms with the Almighty go to that place in Black Rock we now call the Psychiatric Hospital even more quickly than people who are merely violent, inflammatory, confused and irresponsible on political platforms.

The honourable Member is saying from his seat that he knows that all this was done last Wednesday. All that I know that was done last Wednesday was that the honourable Member woke up in the morning, had a bath, went to his work and went back to sleep at night, and I would not believe, and I suggest to all honourable Members — pay no attention to any information the honourable Member seeks to give you about last Wednesday other than those few simple facts. If he tells you he put on a blue shirt, ask for a photograph and you may find it was white.

The Central Bank is going to firm up the preliminary pledges this week on the basis of the advance copies of the prospectus which have gone out.

It remains only to say, Mr. Speaker, that, apart from the benefits of the sugar industry, this issue has some benefits for the insurance company and other investors as well.

There has long been complaint that there is insufficient Government paper or easily available investment paper for insurance companies.

To take the example I cited earlier, the Colonial Life Insurance Company, has indicated to me that it would find great difficulty putting money into equities in Barbados because of the Property Transfer Tax Law, just to give an example. This would restrict Trinidad insurance companies, which, under our Memorandum of Understanding, are to be treated as Barbadian companies in many respects, from being fully able to invest here in the same way as Barbados companies.

5.15 p.m.

This Government guaranteed paper will fulfill what seems to be a long felt need for insurance companies' investment.

Mr. Speaker, Sir, so much has been said about the sugar industry in the last six months that I would be surprised if honourable Members would make this an occasion of another few items of a session lasting several days, and a debate lasting several hours.

I am sure that we are all interested, Mr. Speaker, in supporting our sugar industry and using it to produce that level of domestic economic activity that would allow Barbados to pull itself of the local effects of the world recession.

I have every confidence that the injection of these funds into the sugar industry will maintain an existence of many marginal plantations who require only such assurance as this to carry on the work that they have done for centuries, with some hope for the future.

This, along with the legislation providing for a division for future windfall profits between the workers and owners, along with the refinancing of the overdraft to Barbados Sugar Factories Limited; along with the agronomic initiatives being taken by the Ministry of Agriculture, should provide that shot in the arm for the industry which will maintain Barbados as an agricultural exporting country.

I beg to move, Mr. Speaker, that this Resolution do now pass.

Hon. L. R. TULL: I beg to second that.

Dr. R. C. HAYNES: Mr. Speaker, this Resolution on the surface seeks, via the Barbados Sugar Factories Limited, to borrow the sum of \$17 million for the issue of bonds for the purpose of financing the Sugar Support Price Fund which shall be used to finance its operations in the processing of sugar and to make loans to cane growers.

Mr. Speaker, I have heard the honourable Minister of Finance present the case for the Government, but I

believe, Sir, that it is my duty to look more critically at this Resolution in various areas. Sir, I do not wish to enter into any aspect of the very extensive debate on the sugar industry which we have had here before, but there are two specific areas that I would want to deal with in some depth.

Before I begin, Sir, I would like very much if the Minister of Finance, in due course, could tell us what rate he intends to onlend those funds to the primary growers.

I understand that there are two interest rates which are being offered – one 13¾ per cent principally to be taken up by life insurance companies, which, I understand, the life insurance companies find fairly attractive in the present circumstances, and the alternate of 10 percent tax free.

What he did not say, also, was that part of the package of price support would be increases in the local price of sugar.

I was also heartened to hear that the Government has brought sufficient pressure on Barbados Sugar Factories Limited to appoint a Financial Controller. It is my opinion, Sir, that that Financial Controller should be accountable to Government.

When the sugar industry was totally a privately-owned operation, that was one ball game. Now that it requires the support of the taxpayers, this is a different matter; and, therefore, those involved in sugar must understand that this Parliament, and the people of Barbados who have to bear the burden of this guarantee, and might ultimately bear the burden of the repayment if the scheme does not work, have a voice in it at all times – and I propose to do so right at the very beginning.

I shall also, Sir, be talking not only on the manufacture side, but also on the question of refinancing of the manufacturing side of the Barbados Sugar Factories Limited, which, I think, is one of the problems at the root of this problem.

Sir, sometime ago I made a speech in Parliament where I pointed to various abuses of sugar loans. In that very speech, I also pointed out.....

Mr. SPEAKER: No. The speech to which you refer, I am confident you made it in this session. I am confident you made it in this session.

Dr. R. C. HAYNES: I withdraw the remarks, Mr. Speaker.

Mr. SPEAKER: And I am only warning you not to run into the difficulty of going contrary to our Standing Orders.

Dr. R. C. HAYNES: To continue, Sir, there are several areas of concern to me. It must be remembered, Sir, that the extraction of \$17 million from other sectors of the economy at this point in time is going to create corresponding problems in other areas of the economy.

The other point I want to point out is that we are committing ourselves as a country to a price support mechanism guaranteed by the Consolidated Fund which is predicated on a development in sugar, which, so long as it depends on an external price support mechanism substantially, then no one can be sure what is going to happen at the end of the day.

We know for sure that in the past year there has been an element of price support to the sugar industry via the disbursements from the abolition of the Sugar Levy Funds. Let us face the fact. I do not know how much — none of us can find out how much, but there has been an element of support last year — interest free, a gift. This year, we are now in a situation where we are actually raising money at specific interest rates guaranteed by the Government of Barbados.
5.25 p.m.

Sir, I would like to say that the sugar policy is not totally within the powers of either the Government or the sugar industry of Barbados, because of the external price mechanism and because of the world price situation and because of the stocks of sugar but what we can control, Sir, here is the management of the sugar industry, and I make bold to say on the floor of this House that if a public enquiry is carried out in the manufacturing side of the industry, and I shall produce evidence to demonstrate that out of the Portvale investment, probably \$3.5 million to \$7 million can be recorded and made available to the industry. That is point one. I will deal with that.

The second point I wish to raise is the question of a different system of price support mechanisms in Barbados, which I think offers better hopes, because it does two things: whilst it does not eliminate our dependency on EEC arrangements, whilst it does not alter the fact that the Government might find it necessary to increase sugar prices in order to assist in the domestic price support policy, I want to bring before honourable Members of the House today that this price support mechanism could be aborted or probably substantially reduced after this year if this particular line of development that I am going to propose to Parliament today is pursued.

Mr. Speaker, it is substantially a scientific matter in the sense that it refers to several technological problems which I think the sugar industry should be addressing itself to, and if the Government accepts the

presentation which I shall put up now, then there is a very good reason why they should give Barbados Sugar Factories Limited instructions to go ahead right away — it might terminate the need for further subsidies in 1983 and certainly I think in 1984.

Sir, there are a series of scientific papers which I cannot go through. I have summarised them, because they involve figures. The first component will deal with figures and the second component will deal with the scientific basis by which I arrive at my conclusions.

Basic to this assumption, Sir, is the assumption that the cost of gasoline will vary from time to time, but with an expansion of the world economy probably in 1984 and beyond, one is likely to see a further demand for oil and the high probability that oil prices will rise again.

The purpose behind the suggestion is also predicated on the fact that it would give continuous security to farmers, the cane growers; it would also give a further boost to the industrial base of Barbados, and it would ensure a better average price for the primary producers. According to my calculations, Sir, it would produce a price somewhere between \$67 and \$70 per tonne of cane — without any price support.

Now, Sir, how do I arrive at this conclusion. Firstly I have looked very carefully — it is very difficult because of the tax component built into the price of gasoline — and it would look to me that the foreign exchange cost of a gallon of gasoline varies between \$1.90 maximum and \$1.57 minimum. Now, Sir, at current prices on the world market — I am not talking about the EEC sugar — the current price per tonne of sugar is about \$313 or thereabouts. It is commonsense; if you work it back it comes to about \$313.

If you applied two conversion factors based on approximately 9 200 tonnes of sugar, you will see that 9 200 tonnes of sugar would yield about 1.24 million tons of alcohol. Now let us follow this argument very carefully, it is a scientific argument. The same 9 200 tonnes of sugar would yield \$2.87 million in foreign exchange. Conversely, if you work it the reverse way, 1.2 million gallons of gasoline would cost about \$2.1 million in foreign exchange. Therefore, Sir, at present prices of gasoline related to alcohol, the foreign exchange cost to the Government, that is, the difference between what it would cost them to import and what they would lose on the production of alcohol, would be somewhere in the region of \$600 000.

But, Sir, that is predicated on two scientific assumptions, and the two scientific assumptions are these: (1) that you have to go from cane to sugar and back to

alcohol, which is the more expensive way of producing alcohol which would produce those kinds of figures. Or in the alternate, if you go from cane juice direct to alcohol, you will find that there would be a substantial saving. Later on I will give the appropriate scientific data in relation to that. The third factor, Sir, is that if the production is limited only to around 10 000 tonnes of sugar. So, Sir, it is volume and technology.

Now if the price of sugar were to rise to anything like \$37 to \$40 — and this differs from anything produced by anybody, Barbados Sugar Factories Limited or Barbados Sugar Producers, because I think it was a fundamental error in the paper produced by the persons, whose names I heard in a *sotto voce* remark — anyway Sir, when you get the oil prices to about \$37 to \$38 per barrel, that foreign exchange cost is eliminated.

Now, Sir, when you look at volume — this is just a summary; I can make available to the Minister the details however — if you look at the concept of volume, if 50 000 tonnes of sugar in Barbados were committed to alcohol production, it would be the exact equivalent to 20 per cent of the total gasoline consumption in Barbados, the exact ratio which is required in the mixture of alcohol and gasoline to produce gasohol; and if you take that into consideration and you take the 50 000 tonnes that is sold in the EEC, at current prices, you will see that it would work out that the basic price to the farmer would be between \$67 and \$70 a tonne — without the need for any price support.

Sir, I think that this is important to explore; it is important who you get to advise you on it, because the technology differs from country to country. I think the best source of advice for Barbados would be to look and see what happened at the Carter Bench in the United States, when they responded to certain problems in oil and went into the area of the production of alcohol via the process of fermentation.
5.35 p.m.

I would also say, Sir, that Barbados has the basic infrastructure in technology. We have the essential elements, namely in brewery and the technology associated with a brewery. We have a distillery and we have the capacity at that distillery in order to make use of it in this area.

I know that the question of gasohol is always criticised, but there are two things that have not been looked at very carefully. It is the question of volume of production and the technology which is used.

I will further tell you that apart from the other ecological and other damage done by burnt canes — do not get me wrong, because there is a certain capacity to

distort anything you say — the alcohol yield from burnt canes, if done through the process of fermentation and distillation, would be exactly the same whether the canes are burnt or not. So you may have a way of extracting a final product from burnt canes. I am not saying people are to burn canes, I want to emphasise that. All I am trying to do is to bring to this Honourable House that there is a possibility through gasohol production, to minimise the immediate losses from burnt canes. But, of course, it would not influence the ecological and other damage from burnt canes — therefore, canes should not be burnt.

Now, Sir, as I pointed out, the yield of alcohol would be subject to the kind of variables which I have suggested. But, also, to our great advantage, Sir, is that you do not have to go to pure anhydrous alcohol, because the cost of alcohol — surgical alcohol, the alcohol I would use in my office — the major cost lies in the last 5 per cent of extraction of water, but the 95 per cent with 5 per cent water is what you normally use in the mixture gasohol.

It is very cheap to produce, we have the capacity here, we may well have the capacity to do it on an all-year-round basis, and you may well have the capacity to generate more continuing employment in the sugar industry if you can plant your canes and reap them at different times, at least in the section which will be used in alcohol production.

It would also change, Sir, both the geographical, the rainfall, the ecological and the economic marginality of those plantations which are now considered to be marginal.

I believe, Sir, that if the Government were to take these proposals seriously and look at volume and technology in this area, they may find that they may not need to go down this pathway.

Recently in the United States, there has been an organism produced, an organism called *sachromyces cerevisiae*. This organism, Sir, has probably transformed not only the cost, but the efficiency of the conversion of any form of starch, whether it be sugar, potatoes or corn, — whatever you like, into alcohol on a continuous basis, all year round. The problem here is to maintain a food stock for the organism — food stock is a technical, scientific form, it really means supply which is usable by the enzymatic activity of the organism in the fermentation and the distillation process.

I am convinced, Sir, that this is a path that can probably rescue the industry because it widens the domestic industrial base of the industry, Sir, it removes the need for internal price support, it makes sure that

you can probably use about 100 000 tonnes of your sugar in Barbados either selling it in a price-protected market, like the EEC, or in the alternate making full use of gasohol, Sir.

Scientific documentation is available. I will discuss that with anyone who might be interested, but I am sure, Sir, and I am satisfied, and I, myself, have looked very carefully at the scientific side of the chemical conversion.

Now I am no expert in organic chemistry, but alcohols in sugar constitute like the very basis of knowledge of the scientific method. Whether I can transfer the information or training that I have had to economics or to chemistry does not matter once the basic discipline is there. And, of course, I would have had the benefit of scientific training in my substantive profession.

I feel, Sir, that if this matter is properly pursued, you may not have to go down the line that you are going now, because my submission is that if you go down the line of price supports this year, next year, almost for sure, and probably the following year, no one on that side can tell me whether at the end of the day, even if you were to achieve the unrealistic target of 150 000 tonnes of sugar a year, that you will be able to redeem these bonds that are issued here out of outturns of the sugar industry. There is no one on earth who could say that, because there is nobody who can predict the world price of any commodity, far less the commodity of sugar.

I will tell you this, too. I am looking further down the road, because whereas you would see that there is a tremendous demand, even in Barbados, now for non-sugar agriculture, you might find that there is a world demand slackening for sugar produced from primary cane producers. So you have to start looking. I am talking about 1984, 1985, but I am also talking about 1995 and the year 2000, when certainly, beyond any doubt, the shift in oil prices would make this a very viable proposition — and a start should be made with it right away.

You are going to find, Sir, that with the present emphasis throughout the world on a reduction in the sugar content of diet, beet sugar, sugar from corn, sugar from all kinds of sources, that you might well find, with the slackening demand and increased sources of production, and the tightening economic situation in the developed world, that your whole sugar industry might be more and more exposed.

I am offering a suggestion — you say there is never a suggestion coming from this Honourable House. I know the question of gasohol has been raised, but there are two important components that have not been looked at, the question of volume of production and the availability of different technology whereby you can by-pass the more expensive process of going from alcohol to sugar.

So I feel, Sir, that if this was done that you may find that you may not need this price support mechanism. You have to use your common sense in these things. You cannot go along, all along, by listening to all sorts of people.

My judgment is that the whole world parameters in relation to sugar will change and that there is every possibility — no one could even say whether the commitment of the EEC to the ACP countries will continue in ten years time, we do not know what would happen — but what I am saying is that we know what can happen if we get into this area of production.

It is something that we can consider, and provided our techniques are right, provided our figures are right, then, we can enhance the value of our sugar industry.

(Hon Dr. R. L. CHELTENHAM: Send me those figures. I would like to go through them.)

Dr. R. C. HAYNES: I will send them for you. I will go through them with you.
5.45 p.m.

The second thing, Sir, — and I make no apology for this one, I am saying this categorically — and this is why I started off by saying that I am thankful that the Government has insisted on a Financial Controller for Barbados Sugar Factories Limited, and that is why I am demanding that effective control of any funds passed to the sugar industry should be controlled by Government itself — we would not be in this position today, even given the shortfalls in sugar and the reduction, Sir, in prices of sugar, and the reduction in production, if Portvale and the massive amounts of money wasted at Portvale did not take place.

And it is not a simple matter of borrowing money to refinance Portvale. I am going to present conclusive evidence in this House this evening that the Minister should certainly introduce a public enquiry into Portvale, and he might recover between \$3.5 million and \$7 million.

That project, Sir, when it started, was supposed to cost \$18 million, then \$23 million, then \$31 million, then \$33 million. Seventeen plus 17 is 34, Sir. Eighteen plus 17 is 35. Now you see where the \$17 million could come from? I will bring it out to you.

The second factor, Sir, is that there were also hidden costs. There are other hidden costs apart from that \$33 million. There were costs that were run through Porters and Vacluse before they were closed down — and I rather suspect the figure is near \$40 million, and there is no \$40 million plant up there.

I am sorry that the person who is responsible for that has had the guts to tell all his friends and people in Barbados that he is going off to South Africa on holiday to visit a son who is working in South Africa. This is a serious matter, and this is a man who has been responsible for the management of these funds — and boasting that he can go to London with his passport and get a passport from the South African Embassy, spend his holidays in South Africa and nobody here would know he officially went to South Africa. That is the kind of situation we have.

I am telling the Minister of Finance that there was no mistake that the money that was advanced from the Barbados National Bank was used in that way, because the persons at the Barbados Sugar Factories Limited knew how to enter into long term financing contracts, Sir.

They were involved with the CDB contracts in Antigua and St. Vincent. They knew the protocol of pre-feasibility study, feasibility study, bills of quantities, tender documents award of contracts, and the financial policing of contracts as required by those international bodies. They knew that beforehand.

As a matter of fact, Sir, one of the people employed by the Barbados Sugar Factories Limited here, at a high price, was actually retained by a Kingston firm to put up one of those factories, either in St. Vincent or Antigua.

So there is no question that they did not know how to do it. I am telling you that it was deliberately done and I will tell you why it was deliberately done — and I will produce evidence here where the Minister of Finance will have to investigate it.

Now these people, Sir, as part of a swap between the mills, I think it was at Uplands, and the swap of the mills in Antigua — the mills and the evaporators — got a mill here in Barbados, which they really got for nothing. The next step they tried was to put that mill into Bulkeley. But it had to be pointed out to them that they could not put the mill into Bulkeley Factory unless they changed up almost all the rest of the factory. So because they had a mill, they had to have a factory. Sir, the money from the CDB, the \$3 million, it was known that that would be available.

This Government and the past Government would know how these things are done. First of all, the question of the selection of the site as part of any arrangement of that kind of any international lending agency. Just as in the case of the BMC — when the site was chosen, the CDB was involved, the Minister should ask the people at Barbados Sugar Factories Limited how they chose that site and why.

Sir, we are now providing a price support mechanism guaranteed by the taxpayers fund, where you have had additional costs for building and strengthening of a bridge and for widening a road. We were almost landed with fantastic cost for noise control and it was only because the engineer remembered that the Barbados Light & Power Company had brought in two silencers — and I gather that they were somewhere in Brighton or thereabouts — that they were able to rescue those and use those. And now, Sir, they are faced with the problem of building a factory above a highly expensive residential area and they now have to look for some \$250 000 or \$300 000 for soot control. That is right; all these additional expenses. But where are they getting it from, Sir?

I think that the Minister should find out Sir, why they are suggesting the Louisiana Smoke Control laws and why that code should be the one that should apply. Because I suspect that on the basis of previous cases in the courts of law of Barbados that they would be held liable, because in all previous cases the courts have upheld that the factories were there first, the people put their houses there afterward, and, therefore, the factories were not liable. In this case the people were there first, and the factory came later. That has been the position of the factories and, as I gather, the courts in Barbados. It is bad law, but it is not my law.

Now, Sir, I want to bring to the attention of this Honourable House a company, Sir, the first company I am going to bring. I am calling on the Minister of Finance for a thorough investigation into a company call Sucron Services, a company that was initially in Jamaica, a company I do not know where it is now registered — but I am telling you this, that the agent for that company is a Mr. Michael Hutson who is one of the Chief Technical advisers of the Barbados Sugar Factories Limited, and that this company, Sir, was a company that was involved in the ordering of a lot of materials for Barbados Sugar Factories Limited. Sucron Services Limited. I have confirming evidence here from the United States Embassy where, when he denied that he was connected in any way with this, a telegram was sent off by the United States Embassy to a company called Chemical Incorporated, Fibidore, Louisiana.

(Certain remarks made at this stage, quotes from two cables, were later ordered to be expunged from the record by Mr. SPEAKER.)

Mr. SPEAKER: I would really like the honourable Member to tell me what is going on, his reading of this document into the records of this House.

Dr. R. C. HAYNES: This is a document that I am prepared to make a document of the House, because it is

evidence of the involvement of an employee of Barbados Sugar Factories Limited in certain processes which can be established and brought out in a public enquiry.
5.55 p.m.

Mr. Speaker, I will continue. I am also asking the Minister of Finance to investigate a company called Heavy Contractors Limited, a company which handled over \$3 million in business during the construction of that factory, a company which never had anything put out to tender — they were given an open ended contract and they were given it on a cost plus basis.

I also want him to check the cartel arrangement and the interlinkages between certain people in Barbados Sugar Factories Limited and that particular company. The company is Heavy Contractors Limited, that is the other thing I want to get checked, and you will discover exactly why those costs have escalated to that extent.

Rt. Hon. J. M. G. M. ADAMS: On a point of order. Sir, I am really very interested in what the honourable Member is saying, but, as a matter of order, I do not believe that the honourable Member is entitled to call the names of individuals, and these are not casual charges. Effectively we are being told that Mr. Michael Hutson, whoever he is — I had to enquire who he was, I never heard of him before — is responsible for, I take it, stealing either three or seven million dollars.

I can only take it that that is what is being said. We are now hearing of other companies and individuals who are responsible for this, that and the other.

On the Caribbean Development Bank, I think he has suggested that a feasibility study was dishonestly carried out.

(Aside).

Rt. Hon. J. M. G. M. ADAMS: You said something about the same people carrying out a CDB study in Jamaica are connected with this, and I thought named people.

The provisions in the Rules of the House for giving Your Honour notice when you are going to name an individual in a critical way are designed for this kind of situation. If the honourable Member was accusing, whoever he is, Mr. Michael Hutson, of stealing three or seven million dollars, and accusing the individuals who carried out the CDB study of carrying out a corrupt study, I would have been very glad, indeed, to have this investigated before the debate.

But the honourable Member puts the Government, and, indeed, the individuals concerned, in a very awkward

and invidious position, because we are in no position to answer a word of what he says.

All that we know is that the Barbados Sugar Factories had a scheme for building a factory, a feasibility study was carried out by the World Bank and the Caribbean Development Bank — and we normally accept that those institutions are honest, upright and decent institutions — so we have not come prepared to answer any allegations that individuals unconnected with the Government stole several million dollars, because I do not think the honourable Member is suggesting any connection with the Government.

As a matter of order, I do not really see that the debate should take this line, glad as I would be to have dealt with it.

Dr. R. C. HAYNES: Mr. Speaker, I was most specific.

Mr. SPEAKER: I have heard the right honourable Prime Minister and the points raised by the Prime Minister I take note thereof, but the points raised by the Prime Minister do not now come under my notice in this particular.

The honourable Member for St. Michael South Central seized upon an opportunity to read into the debates of this Honourable House from photostat copies of what were themselves previous photostats, photostats of photostats, and has offered to make them documents of the House.

I have been wondering as to the authenticity of all of this and the relation of what was being said in this Honourable House. Consequently, when I asked the Clerk at the Table to take up the honourable Member's offer to make these documents of the House, I was seeing to it, hoping that the honourable Member was making something available to this Honourable House.
6.05 p.m.

I now conclude that he is making nothing available to this Honourable House. The Chair is left with no alternative but to give instruction that all references to these documents be expunged forthwith from the records of this Honourable House, and to order that the honourable Member desist from making any further references in this debate to these documents or any other documents bearing the same value as this.

This Honourable House is steadily losing its credit and its dignity on this question of quoting from documents. What the Honourable Member for St. Michael South Central has just attempted to do could not have been done by any lawyer before any Court in this country. He would not have been allowed to get away

with it and some steps must be taken to protect the dignity of this Honourable House. The sooner we get down to it, the better. The honourable Member may proceed.

Dr. R. C. HAYNES: Mr. Speaker, I pointed out earlier on, that when that project was in progress for some months and then when an attempt was made to draw down on the Caribbean Development Bank Loan, it was only at that time, on the insistence of the Caribbean Development Bank, that Mr. Keith Laurie, the person who introduced the feasibility study — the person who introduced the study for the Barbados Sugar Factories Ltd. that was approved by the Caribbean Development Bank, he is a well-known consultant in the sugar field — that he produced that, and this was in November last year, 1981 — well after the time when the factory was in construction and when the CDB objected to the methods being used by Barbados Sugar Factories Ltd.

Now, Sir, there are other factors. Kingston Industrial Works. Traditionally, Sir, all the pans and the condensers for the sugar industry were produced here in Barbados, as you well know, Sir. For some curious reason, these contracts were offered to Kingston Industrial Works at a price of something like \$32 000 more per pan than what it would be if they were produced here in Barbados. The tragedy of the whole thing, Sir, is that at the end of the day, Sir, that the pans were defective when they were brought here.

So do not throw any red herrings across the table. There is no question of CDB being involved in any impropriety. CDB acted with the utmost propriety in insisting that the proper steps be taken, but by that time a considerable amount of money had been spent, the site had been chosen, money from the Barbados National Bank, that would normally have gone to growers and other people, Sir, had been used for the purpose of construction which, as the Prime Minister pointed out, was never intended to be used for that purpose.

The CDB is not involved in this in anyway and I resent very much any suggestion to the effect that I was casting any slur on the CDB, because it was the CDB who took control on the project later in the day by insisting on certain steps being taken. But at that time all the money had run out and they had cash flow problems when they ran to the Caribbean Development Bank for money.

We have another very important factor. Throughout all that construction period, it is very strange, Sir, that at no point in time most of the irrevocable levels of

credit in relation to Portvale were drawn on banks ranging from Tokyo to Taiwan and New York, and a very small amount here on Barbados banks.

Now, Sir, this is a very serious situation. People in the industry know that there have been major problems. They know that if the factory had been built in the same way as the factory in Antigua was rebuilt, because all the technical expertise was there.....

The Government is not involved in this. I am talking about Barbados Sugar Factories Limited. I am not accusing the Government of anything. I want to make this absolutely clear. I have no inclination that the Government or any Member of the Government has been involved in what I am saying. I want to make that clear.

But I am also satisfied in my mind that in particular in relation to a company, which I mentioned, particularly in relation to a local company — because there is no way that within the context of that kind of money being spent, with an international organisation being involved, that you could have a cost/plus contract in that set-up to the extent of \$3 million. And if you check the directors of Heavy Contractors Limited, and you also look very carefully at the spread of the directorship, and the source of materials and so on, you will see one of the problems that will plague a sugar industry even more.

We have had problems in Barbados, and these are things you must face, whether you like it or not. Those 40 lorries came into Barbados for Barbados Sugar Factories Limited. At the end of the first crop season the engines were overheating so what you did? You ordered 40 more engines. Then at the end of the next year, the engines are overheating; and a small mechanic says, well, lets change the fans and see what happens — they are about to order another 40 more. Check the relationship with the sugar industry across the board and the ownership and you will find out what is happening. These are the things you have to address yourself to.

Do not try to make out that I am making a noise for nothing. I am sure that members of the Government over there will be cognisant of some of the factors that I have been mentioning today. And once you have taxpayers money in it — I could not care if it had gone on for donkey years, if the sugar industry made a very good industry — once it becomes a public industry, these things have to be looked into.

6.15 p.m.

They cannot continue to function as a cartel in Barbados, because in the long run the industry suffers, the Government itself suffers, we all suffer - all of us must suffer if you do not put a stop to and identify these things and deal with them.

I am not making this speech here out of any attempt to harass anybody. I started out by making a scientific presentation to this House on one aspect of terminating their price support mechanism. Another aspect, Sir, is to terminate what is going on in Barbados Sugar Factories Limited. That means that the Government has to take the initiative, whether you like it or not.

There is no point launching an attack on me. You must find out whether what I am saying is true or not. Find out why they have been discarding certain people. There is much more that I can say. Find out about the attempts to take control of another local company here, via a deposit of a substantial amount of Barbados Sugar Factories Limited money, so that certain people can have a free hand in the building of Portvale Factory. You should investigate all these things. They should be in the books.

Check on the costs that were running through Porters and Vacluse before they were finally closed down. I can give you some more information on another factory which part of the costs was passed on to that. I do not want to call the name of that factory.

I am telling you that there is sufficient information available that if Government recognises that I am not accusing them of anything, they would find that what I am saying is that they have to break up that relationship between certain trading elements in this country and Barbados Sugar Factories Limited, otherwise you are going to find that you are going to be in more trouble next year and more trouble in the year after.

I will tell you, Sir, that the majority of people in the sugar industry are aware of these kinds of problems. They know what has been going on for years. They tell me that if Mr. Mahon was alive that this would never happen. They tell me that if Mr. Bethel was alive that this would never happen, and the Government cannot continue to turn a blind eye to it.

Because I say it, do you assume that it is untrue? You are responsible. Let me tell you something now. You are, in fact, as a Government carrying the sugar industry. Just think of the extent of the Barbados National Bank's involvement; think that were it not probably for the price support mechanism being passed in this House today where provision for losses at the National Bank might be substantially reduced, because estates that might have looked as though they would

go bankrupt, because of the higher price that they would get now, might well remain viable and you might get a shift in your loan provisions in the Barbados National Bank, but that would only be a cosmetic position, unless you take those bolder steps.

When I bring things like this to your attention, it is your duty to investigate them, and I would never have brought them to your attention unless I was satisfied that that information was correct.

Now why would people in Barbados be put out of work in order to allow pans and condensers, costing probably \$180 000 to \$200 000 a piece, to be manufactured by Kingston Industrial Workers, the same company that retained an employee of Barbados Sugar Factories Limited to put up a factory in either St. Vincent or Antigua? Why would that happen? Why all these external irrevocable letters of credit that have never existed?

These are strange things to the sugar industry. It never functioned in this way, and all of a sudden they are functioning this way now. It is a very serious matter. What has gone down the drain may not be salvageable, but what I do know is that at this kind of cost, everyone involved in the sugar industry is going to be compromised for years.

Even if you look at the content of the Sugar Bill, the surplus shares, the concept of depreciation, overhead costs and all those factors, you will see all sectors of the industry will be compromised by a misplaced investment.

In point of fact, I am saying this now when the nationalisation of the factories stated in the late Sixties and early Seventies, evidence was adduced to Barbados Sugar Factories Limited that they should even review the concept at that time; that with the escalating cost of transportation following the 1973-74 increase in oil prices, and with the increased cost of domestic transport, they should probably change their attitude or re-think the whole principle of nationalisation and cutting down on the number of factories, because they were throwing an undue burden on the primary producers since it was costing too much money to transport their cane from the site where it was reaped to the particular factory. So way back down there they were being advised by people knowledgeable in this area. The whole thing is cock-eyed.

I am sure that every Government project in this country, whether there by escalation of cost or not, go through these various steps before they commit a single cent - the process of prefeasibility, feasibility, tenders,

award of tenders and so on. These are steps that are absolutely essential — bills of quantities also.

How can we get involved in this kind of investment, spending people's money as though it is yours? It cannot happen. We have to put an end to this.

I will say that there is no point putting \$17 million in a price support mechanism for manufacturing and sugar growers unless the Government is going to clean up Barbados Sugar Factories Limited, and clean up the whole inter-relationship between Barbados Sugar Factories Limited and a lot of other groups in Barbados, because I am satisfied that a whole lot of savings could be effected by effective management in these areas, and that with the use of public tender etc. that many savings could be made in that way.

I make no apologies for identifying serious problems in the public's interest, because these problems will continue unless someone is prepared to face up to them. I am not afraid. I have never been afraid once. I am satisfied that the evidence is there, and the Ministers of Government must know that there are procedures to be followed in here.

And to come in here and try to defend a situation or to try to put a little twist on anything I might say may not help. I am prepared to go outside and call a Press Conference and repeat anything I say in here, because I have the evidence about all these companies, of these external investors, the relationship between Kingston Industrial Works, the putting of work over to Jamaica while people in Barbados are put out of work, when, in fact, they were using the same Barbados specifications. I can talk about all these facts in public. I am not afraid of that.

I am not afraid either of challenging whether or not the people at Barbados Sugar Factories Limited knew how to go into a long term investment, because I knew their involvement and the extent to which they knew the criteria as established in St. Vincent and Antigua. So there is no doubt in my mind, not a shadow of doubt, that that was a deliberate method, and that the Minister of Finance must be a little more cautious in accepting explanations like that.

People who are handling large sums of money like that, particularly now with the price support fund — you have to examine their track record. I am not here to maul or destroy the Barbados Sugar Factories Limited. I am here to look at practices within Barbados Sugar Factories Limited which I consider would not be in the public interest, and should not continue with the presence of the taxpayers price support policy which, eventually, becomes a charge on the taxpayers of this country.

I would not have said a word about it. I knew about it a long time ago, but I would never have said a word about it until this Resolution came before the House, because the ball game changes as from today as far as the sugar industry is concerned.

The National Bank, although that impinges very heavily on the taxpayers, or potentially can do so, at least there is some element of security in terms of the fact that the bank can foreclose and so on. But there is no foreclosure in this — if this goes down the drain, it has gone down the drain. And around 1987, or whenever it comes, and it has to be paid, it has to be paid — and if Barbados Sugar Factories cannot pay it, then we have to pay it. The people of Barbados have to pay it. We have to bear the brunt here in this country.

So I am demanding that all those practices be looked into, that an end should be put to them, and that the Government should step in and break up that kind of arrangement.

Much of it, Sir, stems from habit. They have to understand that it is now a public industry, and we have, as a duty in this Honourable House, not to be afraid. I am not afraid to talk about sugar. People are scared because they will be called a racist, all kind of foolish things. I can be called anything, but I am not afraid to stand up, when I see injustice being done to anybody in this community, and speak in this Honourable House.

So, therefore, Sir, I strongly recommend to the Government, on the one hand, to look into the gasohol policy which I have suggested to them and, on the other hand, to look very closely, far more closely, at the management of Barbados Sugar Factories Limited. Otherwise, the Government will be taken for a ride. And that is that.

Thank you very much, Sir.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, it is obvious that the honourable Member has debated two Resolutions in one, because the gravamen of his speech, the latter half of his speech in particular, relates to the capitalisation, and the need therefor, arising from the building of Portvale Sugar Factory.

I think there is one misconception that runs throughout the latter half of the honourable Member's speech. Barbados Sugar Factories Limited is a co-operative organisation owned by sugar growers of Barbados. Its proportion of the general gross revenue derived from the sale of sugar has been fixed for a long period of time. In short, as a processor, it is entitled to a percentage of the revenue derived from the sale of the final product — the rest is returned to the cane growers.

The cane growers of Barbados include the Government, through the Agricultural Development Corporation. As a matter of fact, the Government, through the ADC, is probably the largest single shareholder by virtue of the fact that that organisation today controls the largest single unit of cane grown in Barbados.

There is no doubt about it; that from the time the Government had to deal with the question of the capital of the Sugar Factories Limited, the Government laid down certain conditions. One of the conditions was that they have a Director on the Board. The second condition, in relation to this loan, is that it had a Financial Controller to be approved by Government.

And no one can accuse the Government, directly or indirectly; because, despite what the honourable Member has said in here that he is not accusing the Government of anything, it would be printed and published in such a manner as to convey the impression that the Government is involved. We must all know Barbados.

The honourable Member says, "I am not accusing the Government of being involved in any way." But throughout nine-tenths of his speech, he was giving the public the clear impression that he had evidence of infelicities, and that the Government was aware and the Government did nothing about it.

It is only after the interjection by the Prime Minister, when he pointed out that the Caribbean Development Bank was one of the primary lenders to Sugar Factories Limited.....

I am a Governor of the Caribbean Development Bank, and I know that no exceptions to any of the general rules were made in respect of Barbados Sugar Factories Limited. The whole series of bench marks and guidelines in relation to procurement, had to be carried out by the Sugar Factories Limited in respect of that component of the loan which was derived from funds lent by the Caribbean Development Bank, as any other borrower would have to do in relation to any Caribbean Development Bank loan.

It is true that Mr. Laurie of Sugar Cane Consultants Limited was one of the appraisers that the CDB brought in to evaluate the loan. That is a fact. It is well-known.

It was also not mentioned by the honourable Member that where a person is only lending a percentage of a loan of this magnitude that all lending institutions would insist on appraising not only the particular piece of equipment, the particular sub-component of the loan, but the totality of the project; because you cannot separate \$3 million, which is roughly 10 per cent of the

\$30 million that it costs, in the event of there being a default in the loan.

In short, the lender has to see not only that his \$3 million is secured but that his \$3 million is not going to be swamped by a prior claim of other people.

Obviously, if you lend a man \$3 million and he owes other people \$25 million, and he is put up for sale and you can only raise \$25 million, your \$3 million is down the drain. So I would be the most surprised person of all to hear that the appraisal of the Caribbean Development Bank did not relate to the appraisal of the totality of the project. That can be checked — and will be checked.

Now, Sir, it is a fact that there is a relationship between procurement in Bridgetown and procurement by Sugar Factories Limited. That is a fact. Any one who knows the history of the sugar industry in Barbados would know that merchants in Bridgetown make part of their money by buying goods for Sugar Factories Limited. It was always so.

I, Mr. Speaker, have been one of those who, for a long period of time, have always been advising independent cane growers who have no interest in the distributive trade in Bridgetown, to insist, through their vote, that Sugar Factories Limited buys as much of their supplies as possible on a competitive basis. That is common sense. I have always argued, and will continue to argue, that.

The Government, through its Director, is in a far better position than before — never mind that the other side objected to the Government's participation in the shareholding of Sugar Factories Limited.

That is part of the hypocrisy and inconsistency of the Democratic Labour Party's position. On the one hand, when we come before the Honourable House with the means and the mechanism to ensure that we have access and are privy to all the information and decision-making within Sugar Factories Limited, we meet opposition from the other side. On the other hand, the other side can also advance the theory that it is incumbent upon Government to use its influence to ensure that Sugar Factories Limited operates at a certain level. I do not know how they can reconcile the two positions.

But there is no doubt about it. Actually, there is a great difficulty in reconciling it. The only way you would effectuate it.....

(Aside)

Hon. H. B. St. JOHN: Well, you see the honourable Member's amazing lack of understanding of company law

is now very evident, because he does not see any difficulty in that.

I do not see it, because the only way you can do it is to nationalise the industry. That would be the only way to do it. You would have to do it by legislation, because the whole structure of the shareholding in Sugar Factories Limited is tied to land ownership.

There are a certain number of shares which are assigned to each acre of land in Barbados.
6.35 p.m.

The decision making power is derived from the voting power. So, therefore, only if the Government directly or indirectly through its agencies owns land can it have voting.

The honourable Member now finds himself in a fix, because he was one of the ones who bitterly opposed the question of the Government having shares, through ADC, in Sugar Factories Limited. So he now finds that he is hoisted by his own argument.

Let us get on, Mr. Speaker. There is a clear case, Mr. Speaker, for the exercise of greater control within the decision making at the factory. The directorate of Sugar Factories Limited must reflect the wishes of the cane growers in Barbados, and the Government will see to it that that happens, because Government is the single largest shareholder at the present moment, through the ADC.

Now, Sir, the question of Kingston Industrial Works. I am going to investigate that, that is a very interesting one, because the honourable Member is unwittingly raising a very interesting point. As a Governor of the Caribbean Development Bank, I know that preference cannot be given to any individual country in procurement, purely because of the fact that that country happens to be the country which is either the borrower or where the money is to be spent.

So Kingston Industrial Works — I am going to get it investigated — is a CARICOM supplier. The only other supplier would have been Barbados Foundry. As I understand it, the two of them have been competing for years in respect of the supply of sugar industry machinery — Kingston Industrial Works and Barbados Foundry.

So to say in his speech that Kingston Industrial Works was preferred to Barbados Foundry Limited, and that Barbados Foundry is a local company, thereby you are implying and you have to buy local, is something that I will have investigated in time for the next Resolution, when we deal with it, Sir.

There could be nothing under the CDB rules — there must be equal opportunity of every CARICOM member state to quote. As a matter of fact, we go further. If the source for the CDB funding is also one of its member countries, irrespective of the fact that member country may not be a CARICOM country, they still have an opportunity to quote. Those are the procurement guidelines. There is a slight margin of preference that is allowed to borrowing member countries to non-borrowing member countries. So we have to investigate that, too. That is a very, very important point.

I think, Sir, that all that the honourable Member has said are matters which will be carefully investigated here. I think it is true to say though, certainly from what I have heard in the six years of dealing with sugar with the experts, from my understanding of the final cost of that factory, per tonne of sugar capable of being produced, it is clear that that came in at a cost well below what it would have cost had international firms, like Tate and Lyle, or other countries had it to deal with.

That is a provable fact. They just built one in Pakistan. Fiji just expanded. There are international norms and precedents that you can use with that — so much capital per tonne. It is capable of producing about 17 000 or 20 000 tonnes, the capital cost. You divide the tonnage cost by the total capital cost. Judging against that yardstick — my understanding of the position is that it came in well below what other factories were coming in at. The fact that it came in well below does not mean that it could not come in even further below. That is a fact.

The second point, Sir — and the second part of the honourable Member's speech is one that I want to deal with. The honourable Member is propounding theories with respect to alternative use of sugar cane as though they were original. Brazil is probably the leading country on the utilization of sugar cane for gasohol in the world.

When I used to be responsible for alternate energy projects, both the National Scientific Council in Barbados, which we set up, and the sugar producers were required, periodically, to bring up-to-date figures, to do the exercise of updating the comparative cost of utilization of cane juice for gasohol vis-a-vis the production of sugar.

One of the formidable points that one has to deal with, is, first of all, to look at the minimum level of sugar, or tonnes of canes equivalent, that is needed to have a viable alcohol — gasohol plant and operation. That is one of the first points. I have not heard the honourable Member's scientific treatise on this subject — suggesting what is the minimum level of tonnes of canes produced into gasohol which is now regarded as economic.

The third point that one has to take into account is that, in effect, you are only dealing with that proportion

of sugar which is sold in non-preferential markets. Well, if we had had a gasohol plant in Barbados today, we would not have had any sugar to go through the gasohol plant.

(Asides)

Hon. H. B. St. JOHN: Now, Mr. Speaker, Sir, we sat quietly and listened to the honourable Member. If he was a lawyer, they would have put him out of court right away, because he wants all the say. He has no patience at all, he is down there fidgeting all the time, Sir.

Mr. Speaker, the fourth point now that you have to consider in this is that the Government derives a tremendous amount of taxation from gasoline. If you allow gasohol, you have to balance, very carefully, the loss of revenue that will arise, because I know of no country at all which does not subsidize gasohol in that it allows the gasohol to be sold at the pump at the same price as the imported fuel, but the distinction being that the imported fuel is subject to tax and the gasohol is not subject to tax. So to the extent of the foregoing of the tax, that is the extent of the subsidy. The honourable Member has got to address his mind to that.

6.45 p.m.

Let me tell the honourable Member something. In Australia, I believe it is probably about two to three years ago, they had the most elaborate conference on sugar and its by-products and the economics of exploitation of the alternative use of sugar, and even at that conference it was pointed out that only in Brazil, possibly in the Philippines.....(Hon. Dr. R. L. CHELTENHAM: The scale of operations).....not only because of the scale of operations, but because of the fact that they had such a high proportion of their sugar which was sold in the non-preferential markets. That is the key — the non-preferential markets.

I have discussed this matter many times with the Prime Minister of Fiji and with the people in Mauritius who are far more dependent on sugar than we are, and in each case, when you weigh the scientific evidence, it is clear that in a country like Barbados where our potential capacity is 150,000 tonnes, and we have effectively 96 000 tonnes or 97 000 tonnes which is sold in preferential markets, it is not so economic.

Tell me if you can get a plant to produce gasohol, or you know the technology to produce gasohol for 54 000 tonnes of sugar. And the next exercise I want to put you through is to do this. Would not it be better and more economic to use the 54 000 tonnes at the cane level to feed animals, which is now a proven means of alternate feeding of animals. That scientific research has been going on in Barbados and in Trinidad.

I believe that the economics of the situation demonstrate that it is better to put the additional 50 000 tonnes of sugar that we would have, in the alternate use, firstly, in animal feed; and secondly, what about all the research that was done here in respect of using it for building board? What about looking at that aspect of it now?

We are only talking about an insignificant amount of sugar. The honourable Member does not listen to the Leader of the Opposition who has much more experience in this, and the Leader of the Opposition has already said in here two things, a very profound statement. One is that the best Minister of Agriculture in Barbados is God, and the second point is that when you have to deal with sugar cane, Barbados has very little excess of sugar cane over and above the amount that we have preferential markets for. That is what he has always said, and it is a fact.

The more you look at it, the more you analyse it, you see you are only talking about 50 000 tonnes, so you have to look at gasohol, you have to look at animal feed and you have to look at building board. You also have to look at the other alternatives, rum and things of that kind.

I commend the honourable Member for spending his time usefully at night by going into all this research. It is a very laudable exercise for the honourable Member to do, because if he dissipates his energy in that way, he will not be able to dissipate it in another way, Sir. It is better for him to dissipate it in doing a little reading for himself than going and making a nuisance of himself on the platform, for instance. It is better for him to do that.

Now, Sir, it is easy to trot out these statements. The sugar producers do have a research section. And I want to say this, that Dr. Brooks and the other people in the research section, whatever you may think of the Sugar Producers' Association or of Sugar Factories Limited, they do have people of the calibre of Dr. Colin Hutson who, wherever there is sugar, his contribution to mechanisation has been internationally recognised.

On the question of cane breeding, Barbados is pre-eminent in the international field as a research centre, and in the area of alternate use of sugar, there is not only Dr. Brooks, but there is a young Barbadian who went to Queen Mary College in England, a college which has specialised in bio-technology — the enzymes and the production of that is a new field of bio-technology.

I follow these things too, you know, but I do not walk about trying to demonstrate that I understand them. I think the lady's name is Miss Pilgrim, an exceptionally bright young Barbadian girl, and she was one of the few students in bio-chemistry, working along with a professor,

who has established Queen Mary College as being the leading college in the United Kingdom in this field of bio-technology. As a matter of fact, I read where he was offered large sums of money to move the faculty from Queen Mary College to California where a tremendous amount of venture capital was being put into this bio-technology field. We have that kind of people.

At that time I was responsible for sugar and I was instrumental in speaking to the Director, Mr. Osborne, saying if you have a Barbadian who is exposed to this, you must have some kind of job in the research department because the lady would be valuable to you, at least keeping you up to date in relation to this. I understood that they hired her — I do not know if she is still working there or if she has gone abroad.

The basic point is that there is a unit which used to produce comparative cost figures to the Alternative Energy Section of my Ministry showing whether it would be profitable for us to use sugar in the form of gasohol or not.

I just want to assure the honourable Member that the Government, through the National Scientific Council, through its Alternate Energy Department, is constantly looking at this, but our advice is that we have other alternatives which must be weighed in the scale, and we just do not jump around and say that gasohol is the answer to the price support problem.

The only answer to the price support problem is the question of the price and the question of cost of production. That is the only answer. The reason why you have to have price support in this country, like they have to have it in the Philippines, in Australia, in Fiji and in those countries, is that the cost of production of a tonne of sugar is such that the realisable average price is greater. It is a function of your processing cost, your labour cost and things of that kind. The Government is well aware of this.

We also know that the history of sugar is at least one to two years in ten years. In 1975, they had a bonanza year and the Democratic Labour Party extracted \$35 million by a special levy. We have not reached 1985 yet. I want to let the honourable Member know that it is within the means of the Government to get back every penny of this money, irrespective of the assets, once we get that good year — and the law of sugar, so far, throughout its history, has been one good in ten.

SUSPENSION OF SITTING

Hon. L. S. CRAIG: I beg to move, Mr. Speaker, that this sitting be now suspended until 7.45 p.m.

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.

6.55 p.m.

On Resumption

Mr. SPEAKER: This sitting is now resumed. The honourable Minister of Agriculture.

Hon. Dr. R. L. CHELTENHAM: Mr. Speaker, Sir, the Deputy Prime Minister, the honourable Member for Christ Church East Central brought back a considerable balance and knowledge to this debate on the sugar industry. I think it is particularly important, Sir, to emphasise the necessity for balance in discussing the sugar industry, because though the industry itself deserves well-founded and legitimate criticism, I think we are in danger of poisoning the public against the sugar industry precisely at a time when public support is necessary for the survival and prosperity of the industry.

The speech made by the honourable Member for St. Michael South Central was, in many respects, and ill-considered speech. I am not speaking of the part so far as the criticism was made relating to the improprieties in the construction of Portvale, because I do not know whether there were any improprieties there — and it is not my business to defend the industry, if indeed the industry was guilty of improprieties — but I feel, Sir, that it absolutely mistaken to give the impression to the public that there is any easy solution to the problem in the sugar industry, and that his formula, with respect to gasohol, is really the salvation of the industry.

I have been in agriculture long enough, Mr. Speaker, just under a year, to know that sugar is not only sweet, Mr. Speaker, but it is seductive. A lot of people rush into sugar believing that they have the answers. Our friend on the other side, the honourable Member for St. Michael South Central, is not the first, nor will he be the last person who will believe, Sir, that it is not just enough, Sir, to bring a good intellect to the problem and its yields to a solution.

I have seen many people make that mistake. It is a mistake which has been made for over 150 years, Mr. Speaker, the belief on the part of a few that they can just look at the industry, to bring an intellect of some quality to bear on it, and they can find the answers. It is not as simple as that, Mr. Speaker.

Now, Mr. Speaker, the sugar industry has been responding to a lot of criticism which has been made by the Government and by the Opposition, and progress is being made on several fronts.

To begin with, Mr. Speaker, the House was right, both Government and Opposition, in insisting that if the Government is giving the industry the sort of financial support which we are currently giving it, then it was necessary that a Financial Controller be appointed, and that the whole question of the management of the finances of the industry should be in the hands of professionals. You will note that in last Sunday's *Advocate* we had an ad which relates directly to this position which is being created.

I had a meeting, Sir, with members of the governing body of the Sugar Producers Association and I made it clear to them, Mr. Speaker, that Government was serious in respect of the linkages which we attached to the price support. One was that there must establish the post of Financial Controller — and that is being done.

I have made it clear to the industry that, hereafter, we must start the crop in January. There can be no doubt about it Mr. Speaker, that the cane fires and the late start of the crop in the last two years have been responsible for the loss of about 50 000 tonnes of sugar last reaping season. These are man-made problems which the industry must address.

(Asides).

Hon. Dr. R. L. CHELTENHAM: No, in one year. The accumulative effect of the cane fires in recent years, and the late start meant that we lost the difference between 135 000 tonnes that we made two years ago and the 88 000 tonnes we made this year, because in that growing season we had the same rainfall pattern that we had in the growing season that produced 135 000 tonnes of sugar.

What then were the factors that caused this differential between 135 000 tonnes and the 88 000 tonnes? We have attributed that directly to the accumulative effect of the late start over the last two years, to the cane fires and to the fact that in recent years, Sir, within the last 20 years, we have gone from something like 4 tonnes of sugar per acre in Barbados to something like 2.5 tonnes.

These are man-made problems in the industry, and we have made it clear, as a Government, that there must be certain linkages accompanying the price support; and apart from the establishment of the post of Financial Controller we have insisted that the cane fire problem must be seriously addressed and I can tell you that the industry is on the verge of announcing a new formula with respect to insurances.

There is no doubt that the industry has been over-insured last year for cane fires, for example, and that there was some incentive to the burning of canes. Now,

those incentives must be withdrawn both from the growers — managers — owners and also for workers. Those problems are being energetically addressed. I believe, Sir, that we are going to have a new formula with respect to the new reaping season.

So the industry is doing things. A lot more remains to be done. There is not enough co-ordination in a way between the factory and the field. The problem of internal transport in the sugar industry is one which needs serious address. There can be no doubt that the economy can be affected there. There can be no doubt, Mr. Speaker, that the whole question of the staleness of the canes, particularly after fires, that, too, is an area where we need to do something. But all of these matters, Mr. Speaker, are being addressed and I do not think that we should go overboard in our criticism and cause the public at this point in time, Mr. Speaker, to lose faith in the industry or to develop disrespect for those who have managed the industry over the years, because the truth is, Mr. Speaker, that notwithstanding their weaknesses, many of which have been identified in recent months, Barbados has a lot to be proud of in the sugar industry.

The Deputy Prime Minister mentioned the outstanding research of Dr. Hutson. He also mentioned the fact of our pre-eminent position as a cane breeding centre in the world. These are our technical efficiencies in many respects — something, Sir, which many other countries applaud and would like to imitate. So we must maintain a balance when we are criticising the sugar industry.

Now, Mr. Speaker, the honourable Member for St. Michael South Central made the point, that looking down the road, there may be no markets for Barbadian sugar because of the competition which cane sugar is getting from beet, from corn fructose and from many other sources.

I think the point was quite rightly made, Mr. Speaker, that Barbados does not have to worry too much about markets for its sugar, because we are not dealing with a large quantity of sugar. The maximum amount that we might be dealing with is about 150 000 tonnes, and we know that we already have a guaranteed market for 100 000 tonnes of that sugar.

When we take the 50 000 tonnes or so, that we sell to the European Economic Community, and you add the 20 000 tonnes or thereabouts that we are selling to the United States of America under the country by country agreement, and you add also the 15 000 tonnes which we have to reserve for the domestic market, you see, Mr. Speaker, that we are not talking about a large amount of sugar which is available to sell on the world market. 8.00 p.m.

With little luck, it is very possible that in the years ahead we may be able to secure markets for anything like 120 000 tonnes of sugar, which will mean, Mr. Speaker, that if we are not careful, some years we will not have enough sugar to supply our sheltered markets, so there will be no question of any large surplus for the world market.

That is why this talk about gasohol does not make too much sense, Mr. Speaker, because it certainly will not pay Barbados to establish gasohol plants when, in truth and in fact, we may not even be talking about 50 000 tonnes of sugar available as through-put for those plants.

Our friend on the other side must not make the mistake of thinking that somehow he is the first person that has addressed his mind to these issues. These matters have been seriously investigated and addressed, as the Deputy Prime Minister has pointed out, in the past, and it is because that exercise is not an economically feasible exercise for Barbados that no one has thought seriously of pursuing it.

Mr. Speaker, this question of whether Barbados can realise 150 000 tonnes of sugar or not, whether the target is unrealistic to the point that it ought to be abandoned, or whether we should proceed with it, is a very important question.

Now two years ago, Mr. Speaker, without any effort, we in Barbados produced 135 000 tonnes of sugar or some 90 per cent of the targeted 150 000 tonnes. I want the honourable Member for St. Michael South Central to bear that in mind, that two years ago we realised, without any effort, 90 per cent of the target of 150 000 tonnes when we produced 135 000 tonnes of sugar in this country.

I am satisfied, Mr. Speaker, and I have given this matter some considerable thought, that if we can correct the man-made problems in the industry, namely, the problem of cane fires; secondly, the problem of the late start of the reaping season, and thirdly, the decline in the yield per acre - if we can arrest the decline and return to even half of the levels which we used to realise ten, fifteen years ago; in short, if we can get back to 3.5 tons of sugar per acre, if we can reduce significantly the incidence of cane fires and start the crop the third or fourth week, at the latest, in January, I am satisfied, Mr. Speaker, given average rainfall, that we can easily reach the target, on existing acreage, of 150 000 tonnes of sugar.

I think it is also important to make the point, Mr. Speaker, that the next reaping season is not the season that we are looking to for recovery. I think that this point has got to be made, because a lot of people who are not following what is being done in the sugar industry will say next year, when we realise only 90 000

to 95 000 tonnes of sugar, that it means the whole price support has been a failure, look the Government has put itself to all this trouble to raise this money and we only realise 90 000 to 95 000 tonnes of sugar.

I think we can say, as early as now, that the crop next year is unlikely to be significantly greater than the one this year and we are looking to 1984 for the recovery, not 1983. So I hope that the journalists and those who have got some privilege of informing the public will see to it that the public is not misled into believing that 1983 is the recovery year to which we are looking. It is 1984 to which we are looking as the recovery year.

I am under no illusions about that, and I would hate to think that next year when we fall short, perhaps of 100 000 tonnes of sugar that we do not have the Opposition and other leaders of thought in the country saying that the whole price support has been a failure and that two bad years is clear evidence that the industry is in an irretrievable decline.

In many respects, Mr. Speaker, we have had a debate on this measure a few weeks ago, when you will recall a Bill was introduced dealing with this whole question of price support and exempting the Sinking Fund from taxes and realising a few other ends all of which I do not now recall.

On that occasion, we had a very extensive and wide-ranging debate on the sugar industry, its prospects, its problems, the particular role that the Government is playing; we identified organisational weaknesses, and I am happy to report that Government has communicated, in no uncertain manner, its strong feeling about what needs to be done in the industry to the industry and, as Minister of Agriculture, I can assure this House that I am insisting on the linkages which we have identified as accompanying this price support measure.

I think I can say as early as now that it will be necessary to have price support again next year - I do not see how it can be avoided - but I would not want to commit the Government or myself beyond that.

I think, Mr. Speaker, we could as well speak frankly about this matter. We can say certainly now that the price support will be necessary for at least two years. We are very much hoping that we can get back on a very good footing by 1984 and that we can keep there, but a lot will depend on what are prevailing prices and the extent to which we are blessed with good weather, and the extent, too, to which we can get through the necessary reorganisation in the industry.

I do not want to go over the whole question of reorganisation because the problems have already been identified, but I am happy to say that the problems, to the best of my knowledge, are being addressed, and I

have every confidence that come 1984, with a little luck we will realise a very significant increase in the tonnage of sugar which we produce.

With those remarks I wish to give my support to the Resolution before the House.

Rt. Hon. E. W. BARROW: Mr. Speaker, we are all very thrilled to hear the Minister of Agriculture speak on agriculture at long last, but he was not on very dangerous grounds, because he did not venture any original contributions of his own, but merely supported his predecessors on the floor of the House, that is, his predecessors on that side.

There were one or two inaccuracies in the speech, which was not a post-praedial, speech made by the honourable Member for Christ Church East Central. It was a pre-praedial speech in level.

(Hon. H. B. St. JOHN: You are my constituent.)

Rt. Hon. E. W. BARROW: I would not vote for you though. This is one vote the honourable Member cannot rely on. I voted in Christ Church East last time, I believe I had to vote in East Central this time, so I should at least know who my parliamentary representative is.

I said it must have been a pre-praedial speech, because it was very level, but it contained many inaccuracies. The honourable Minister seemed to be pre-empting the position of the Member for Christ Church East. It was not a financial statement, like the one made by the right honourable Member for St. Thomas. That is why I say, he attempted to pre-empt the speech of his neighbour, the Member for Christ Church East, the Minister of Agriculture, who, as I said before, I am very enthralled to hear make a speech on agriculture — the very first one I have heard him make for a very long time.
8.10 p.m.

The first inaccuracy I would like to point out to the honourable Member is this. The Government of Barbados is one of the largest land owners. There are three entities in Barbados who control acreages of agricultural land, Barbados Shipping and Trading, of over 4 000 acres; Fairfield Limited and the Agricultural Development Corporation, between 4 000 and 5 000 acres each.

But I think the honourable Member ought to be aware that the Government of Barbados did not at any time, acquire a position of a directorship on the Board of Sugar Factories Limited, by virtue of extensive agricultural holdings which they possess; acquired, not by virtue of conquest like in some of our neighbouring Crown colonies, but solid acquisition on the part of the taxpayers of this island acquired those acreages which are now vested in the Agricultural Development Corporation.

Strange enough, the only shareholding in Sugar Factories Limited which the Government of Barbados had, was by virtue of its ownership of 19 acres of land at Dodds Plantation, and that was a very minimal shareholding which did not entitle the Government to any directorship on Sugar Factories Limited.

Subsequently, the Government of Barbados acquired the Haggatt's group, which is about 1 700 acres; they acquired Graeme Hall by purchase, over 330 acres, I believe, and for retention for agricultural purposes they acquired places like Spencers, Fairy Valley Plantation and so on, from time to time bringing the total acquisitions of the Government to over 3 500 or 4 000 acres of land.

But the interesting thing is — which I am correcting the honourable Member on — is that although, originally, the owners of those plantations were entitled to shareholding in Sugar Factories Limited, there developed a practice among the people who had shares in Sugar Factories Limited of selling the plantations without the shares. Now, that never should have happened. They sold the plantations and retained the shares in Sugar Factories Ltd.

Let us take Haggatt's for instance. The Haggatt's group — you do not have to go into the names of all of them, Bawdens and so on — those were acquired, but Shipping and Trading did not transfer the shares to the Government. When Graeme Hall was acquired — as a matter of fact, not only, the Government.....

Hon. H. B. St. JOHN: On a point of order, Sir. I rise on a point of order because the right honourable Member made the statement that he is supposed to be correcting me.

I want to say now that whatever may be the position of the right honourable Member, since the reorganisation done by the late Sir Erskine Ward, that cannot arise now; because the shares are specifically allocated to land area and when you sell now, the shares are either forfeited or they go there. It cannot happen now.

Rt. Hon. E. W. BARROW: I am not talking about now, I am talking about when they were acquired.

The point which I am making is that if the Government acquires, let us say, a sugar Plantation now, I would agree with the honourable Member that Sir Erskine Ward stipulated and got them to agree that about the shares — and that is how it always should have been.

But there was no law, and as a matter of fact, Sir, I would go so far as to say that, as far as I know there is no law now although they have accepted it. What they did

was to divorce the ownership of shares in Sugar Factories Limited from ownership in the plantation. I am speaking on this with some authority because we called them on this, and they said, "Oh no, these are two different things altogether."

Although the proportionate ownership of shares in Sugar Factories is related to the acreage that you possess, when they divested themselves of the plantations, they kept their ownership in Sugar Factories. So the Government was proletarianised in that the capitalists were running the factories, with their 26 per cent raked off at the top and giving the rest of the proceeds of the sale of sugar to the sugar producers.

I do not disagree with the honourable Member that Sir Erskine Ward said that this was wrong, because it was Sir Erskine Ward and I, when he was a Minister of Government, who tried to fight them on this. I have no doubt that there is some agreement now that if further acreages are acquired that they should be related to your ownership in Sugar Factories Limited as well. I do not think the honourable Member and I am at odds on this at all. I am just stating the facts of life. I think that was wrong.

So when the honourable Member stated broadly that, because the Government is a big land owner, they have a say; the Government has now got a say because of what the Minister of Finance did — insisted that if he were going to back up the sugar industry, the Government should have at least a directorship. Those are the facts and we do not disagree on that. That is the first thing that I would like to say.

I am not going to go into the technology, because I do not know enough about it. I would just like to make one statement. I did not go into the merits of gasohol, selling sugar, the current prices in the world market and that kind of thing, but I was fortified in my conviction that this is only the beginning of the subsidisation in the sugar industry by what the honourable Member for Christ Church East said — that next year we would not begin to see the light at the end of the tunnel.

Once you have embarked on a policy of support prices, the chances are that next year we will be calling upon the taxpayers of this island to guarantee at least as great a sum or a greater sum, no matter what the formula is which is utilised in subsidising and giving the price support to Sugar Factories Ltd.

What Members did not know before the McGregor Report came out, they should know now. The whole structure of pricing the sugar industry is wrong, because here you have a situation, whether you get US\$330 a tonne or European units of account — let us say you are

getting Bds\$720 per tonne in any one year — the Barbados Sugar Factories has a formula that they extract 26% for operating expenses, completely unrelated to the production of any figures to show what operating expenses are.

This is a formula which has been so, and all the little peasants and the people who do not have shares in Sugar Factories, and the land owners and everybody else, they are frozen into a system whereby the Sugar Factories get 26 per cent. If it is a big crop, they make more money; if it is a small crop, well, I am sure they do not lose money, except for this new recapitalisation and so on which, of course, would involve them in things like amortisation and interest charges and so on. I am not going into that.

8.20 p.m.

When a union is negotiating, therefore, wages for the agricultural workers and other workers in the sugar industry, they are boxed into a structure whereby the amount of money which is disposable for them is frozen like the iron law of wages of the 19th century doctrine. So there is no way, unless you are going to bankrupt the industry, that the unions could go further than a certain point, because it is only 74 per cent there to work out between all the workers in the sugar industry and the cane producers.

Now what sort of thing is this? We live in a world in which we believe you have free enterprise in a mixed economy. The same people who preach and shout about free enterprise, the Reaganites of the 20th century, do not believe in free enterprise. They start off with a fixed price not dependent upon the supply and demand of the free enterprise economy, a fixed price which, before we came into office, the Governments did not even have any say in, the unions did not have any say in — but you have a private group of people, the sugar producers — let us restrict ourselves to the Caribbean — going out and negotiating sugar prices with whom, Sir? Not with Sandilands — with a Government department, the Ministry of Food and Agriculture in Britain, then coming back down here and telling the Government and the trade unions and everybody else — well, we are only getting so much for sugar this year.

I put an end to that because I invited the other Caribbean Governments to insist that the Governments and the Caribbean cane farmers, and the trade unions should be part and parcel of those Commonwealth sugar negotiations which took place, on average, every two years, in the United Kingdom invariably.

Now having fixed a price up there, which, according to the farmers, should be reasonably remunerative to the producers and reasonable in the light of what

the consumers were willing to pay, that price was then fixed. But we had, also, from 1947 on, the price stabilization and rehabilitation and so on, which had been sent down from the United Kingdom as part and parcel of this. We have abolished all of that.

The point I am making is this, Sir, that you start off when you are producing tomatoes, cabbages, not canes, but cabbages and onions and so on, with the fact that you have produce these things and it depends on the laws of supply and demand, and, therefore, if you have done "guesstimates" about what other people are doing correctly, you might get a good price for your tomatoes.

Here is a situation where you are growing sugar instead of tomatoes, and before you even put a plant in the ground they are telling you what the price is. There is no free competition in that. Although they have an international sugar agreement, there is no such thing as a free competition, because nearly all the sugar in the world that is traded is traded on the basis of commodity arrangements between producers and consumers.

But to come back to the point I am making about Barbados, it is that the sugar factories are taking off 26 per cent. What is left over is what is for the workers and for the small farmers, cane farmers and the estate owners. In that kind of situation, production is very, very important.

The honourable Member for Christ Church East Central has said that I made reference to the Almighty as being the best Minister of Agriculture. I was not referring to the present Member of Christ Church East Central when I said the Almighty. I would like to assure honourable Members that I was not referring to him.

What I told the World Bank is this. If we spend US \$10 million in the sugar industry in Barbados and the rain does not fall in the right way at the right time, there is no way that you can increase the productivity of the Barbados sugar industry, because the Barbados sugar industry.....

There are two people in this Chamber, one on each side, who came out of the sugar industry literally, that is, the honourable Member for Christ Church East Central and myself. I was born in the middle of the sugar cane field. I can show you the spot right now. There is a small house there. The honourable Member, also, was born on a sugar plantation. As far as I know, his father was a planter. My grandfather was a planter: I was born in the middle of the sugar cane field. Some of my best friends are people in the sugar industry, including my grandfather. So if I criticise the sugar industry I do not criticise it from the same level of envy that other people criticise

it for. I criticise it because I know the defects in the system.

Without straying at all, Sir, and you can give me a little indulgence, I would like to see the day when the agricultural workers are given courses in agriculture. I would like to see the day when the plantation managers are given courses, but I would like to see people engaged at the lowest level being given courses in agriculture so they take an interest in what is going on. Now, they are just part of what, I think was described as being a military agriculture, where there are just the foot soldiers — theirs not to reason why, theirs not to make reply and theirs just to do or die. But I say, Mr. Speaker, theirs just to do and die, not do or die. And that is the whole structure.

I enjoin the Minister of Agriculture or the Minister, who is so anxious to reform the Civil Service, to look at the whole reformation of the sugar industry itself, not just window dressing and cosmetic surgery, like saying you are going to back up the sugar factories. What about backing up the workers? What about making the workers part and parcel of the whole production system in the sense that they understand what they are doing and know that they are full participants in a constructive process. I think that until we do that we are always going to be faced with the problems of cane fires and matters of that kind.

It is very popular in industrial societies, and it percolates down the Barbados economy, to read people pontificating in the newspapers about we must return to the land. And I always ask the people who write those things, "Back to whose lands?" I do not know of any person who owns a spot of land in Barbados who has left that land and gone driving taxi, or pulling a tug boat..... you don't have "lighters" anymore? Back to whose land?

Mr. SPEAKER: Back to the sugar factories.

Rt. Hon. E. W. BARROW: Right, coming back to the land, Sir, because I know that my time is limited. But back to whose land? So these are the problems.

There is something else, Sir, that I mentioned in relation to what the honourable Member for Christ Church East Central has said, that is the question of alternative uses. I think that if we are going to do this, I know that people who are in the lumber industry are not interested in the production of board. We had the experiment at Uplands factory — if we spent about \$1 million or \$2 million, the Canadian Government spent a lot more money — and I do not think we should abandon our research into building materials. In fact, the sugar producers, sugar Factories Limited were not

interested in that experiment, for reasons that are known to themselves.

The Ministry of Agriculture — I am not speaking about a Government, I am speaking about the technical officers, dedicated people in the Ministry of Agriculture — I don't like to call names, people like Mr. Quintyne and so on. We have people, Barbadians like Mr. Lloyd, who is interested in technological things; Mr. Hutson who has developed the thing; people like Mr. Quintyne, and even the present director of Agriculture who were convinced of the feasibility of the production of animal feed, by the separation process and so on, from sugar cane.
8.30 p.m.

We do not have to go to Brazil for gasohol. We should never abandon the feasibility of gasohol. I do not think at the present moment, and I do not think the Member for St. Michael South Central himself is persuaded that today gasohol is a feasible project. What I gathered from him was that he was saying that when the price of other fuel supplies reaches, say, US. \$38 a barrel, that gasohol could be feasible. But there are things which we can do now which will be a saving of foreign exchange, like the better use of bagasse and the other by-products of sugar cane.

Mr. Speaker, I do not know whether this is the stage, but there are certain amendments which have been introduced and I just want to say that I am a bit concerned, and I hope when the right honourable Member for St. Thomas comes to discuss the amendments, or in reply, he will assure me and assure members of this House that he has not already given the guarantee, because if he has already given the guarantee this whole debate is a waste of time.

I have certain apprehensions about the rewording of the amendment, and I think I should voice them. Look at the very last paragraph of the amendment and compare it with the similar paragraph in the original Bill and you will see why I have that concern. I would just like the honourable Member, when he does reply, to assure the House that he has not already given the guarantee, because, then he would be laughing at us.

I do not think it would be appropriate for me, since he has not introduced the amendment, to say anything further on that score. Is that correct, Sir?

Mr. SPEAKER: I thought you had already discussed the amendment.

Rt. Hon. E. W. BARROW: I am inviting him to say something.

Thank you for your indulgence, Mr. Speaker.

Hon. H. deB. FORDE: Mr. Speaker, I believe for several weeks we have been engaged in this House in talking about agriculture, and particularly about sugar. I have listened to the honourable Member for St. Michael South Central make the same speech on each occasion. But probably, only this evening his speech has been made with so much fire that it has been difficult to decipher the points which he was trying to get over.

I want to begin by saying that no matter what criticism one may make of agriculture in Barbados and of the sugar industry in particular, it is an uncontroverted fact that sugar is produced in Barbados more efficiently than in any other Caribbean country, and that the efficiency in the industry is higher than the efficiency of the industry in the United States of America and in some of the other sugar producing countries.

Had we a similar land mass and the low level of wages that obtain in the sugar industry in Brazil, with our standard of efficiency we would be today, perhaps, controlling the world sugar market and being able to dictate the commodity prices of sugar despite the problems, despite the difficulties being posed for sugar from the European Common Market and the price support being given to beet sugar in Europe.

I think that this House and the country, rather than decrying the people who have stuck with sugar, should be congratulating the people in sugar for the consistently high job which they have done in order to make sugar still, perhaps, the second largest earner of foreign exchange in real terms, not the highest earner, which is retained in the economy of Barbados.

I am a little bit saddened when you get, by innuendo, various attacks being made on people in the sugar industry, without a shred of evidence and proof that some of the things of which they are being accused have been done at all. That is why I would challenge the honourable Member for St. Michael South Central not to make his statements from the floor of the House, but to come out in the public and make them and reveal the evidence which he says he has, and face the full vigour of the law if he cannot substantiate by evidence any allegation he has made against people in the industry.

All sorts of statements have been made from time to time, innuendos about people in the sugar industry, a lot of them based on hearsay, rumour, and, in some instances, on jealousy.

I think a lot of us still have the hang up of the fact that the sugar industry was once owned by the white sector of the community and that the sugar industry was associated with slavery, and we find it difficult to

advance from that type of attitude of judging the sugar industry.

The right honourable Member for St. John has made a point that ought to be re-emphasised very often, that the people of Barbados are today one of the highest owners of sugar in this country through the ADC. The people themselves, the man in the street, all of us who are taxpayers have a tremendous stake in the sugar industry because we own a significant amount of agricultural land in this country, and a lot of it is still in sugar.

When you talk about Barbados Shipping and Trading Company Limited, the ownership of Barbados Shipping and Trading Company Limited has shifted over the last 20 years significantly, and some of the biggest owners of Barbados Shipping and Trading Company Limited are not individual families any longer, but institutional investors such as the insurance companies, some of them mutual companies, and, therefore, indirectly the small man himself is an owner in the sugar industry without even knowing that he owns part of the industry.

The shifting pattern of economic ownership in Barbados is not being significantly recognised by a lot of people. I said some weeks ago, and I repeat it, it is about time that someone did a study, as Galbraith did in the United States, of corporate ownership, corporate structure and corporate management in order to get people who really own the assets getting into the management structure. And while there is a lot to criticise maybe in the management structure of the industry, certainly one cannot say today that the sugar industry is bedevilled by being owned by a select few people in Barbados. It is not true at all.

I want to reply to some of the points made by the right honourable Member for St. John. He is correct when he said that at the time of the purchase of Haggatts that what came over was the land and perhaps the machinery of the factory, and not the shares associated with the operation of the factory; but it was the manner of the purchase.

In those days, we had not yet establish Barbados Sugar Factories Limited, the Sir Erskine Ward formula was not implemented, and one was therefore buying the assets rather than buying the shares. This has always been the difficulty in buying plantations, and unless the Government knew what it was doing at the time of the Haggatts purchase, it would have found itself buying assets without buying the share ownership that went along with those assets. That is what happened at the time of Haggatts. It cannot occur now, even if we bought the assets, because of the change made when the Barbados Sugar Factories Limited was set up.

I remember very well, and I have repeated it before, working alongside Mr. Douglas Lynch and Sir Erskine Ward in advising the sugar people in those days — Julian Mahon and that crowd — about the necessity to restructure sugar factories in such a way, and the ownership of the industry, to tie in the ownership of the sugar factories with the land acreage, and that advice was accepted and a change was made.

I know the honourable Member, then as Prime Minister, was concerned about it, and therefore we looked for a formula that would get out of the sugar industry some of the criticisms that perhaps were justified, having regard to the experience in the purchase of the Haggatts factory.

I remember that very well, Sir, and I think Mr. Douglas Lynch is still alive, although Sir Erskine is dead, and you will find that quite a lot of the thinking and the work was done by the three of us as advisers to the sugar factories in those days.

8.40 p.m.

Now the honourable Member made the point about the change in agriculture and the need for training. Once again, the Barbados Labour Party is ahead of this. In the manifesto of the Party, the 1981 Manifesto, on page 8, this has already been made a document of the House, the party says that it would seek overseas funding to establish a full scale Agricultural Training College offering courses of up to two years, and in the interim to set up an Agricultural Training Centre at Sayers Court Christ Church.

Steps have already been taken to set up the Training Centre at Christ Church. The Minister of Agriculture is on record as seeking funding for this purpose.

What inspired our view in this Manifesto was because we recognised that the nature of agriculture in Barbados was changing.

If you had a look at the figures of the people who were employed in sugar 15 to 20 years ago, there was something like over 15 000 people in the industry — today, there are under 7 000 people. If you look at the ages, you will find that within the next few years, I doubt whether you will have more than 4 000, and probably less than that, remaining as labourers in agriculture in Barbados.

I anticipate that smaller units of the work force, and mostly family farms, will become fashionable. Already one is noticing this right in the honourable Member's constituency, where the people who owned the land are now going in themselves to do their own ploughing, driving their own tractors, doing their own reaping.

And it is significant that some of the very bright boys are leaving school with 'O' Levels, not going down to the former Imperial College of Tropical Agriculture, the University of the West Indies, but are going to the Technical Institute and doing a total course — Management of agriculture and servicing of agriculture instruments, learning enough about veterinary science, learning enough about the propagation of seeds and vegetables — are coming back and, in a small unit, are having a viable agricultural unit and making a satisfactory living out of agriculture.

That is the future that you will see, and therefore there is a strong case — and I could not agree with the honourable Member more — for us to look positively at developing the practical side of agriculture rather than concentrating on the number of people who have got MSc's and PhDs and whatnot in Agriculture and have never dirtied their hands, they do not know how to bud a plant. They do not know how to change an implement, and yet they are setting forth as being authorities, and setting the policy in agriculture. There have never gone into a pig sty. They have never used the by-products of the sugar cane to feed the animals in order to maximise profits, because they have not had the practical training necessary for agriculture.

The honourable Member made one point that the Sugar Producers abandoned the project for building materials. He is not completely accurate in that, Sir, I will tell you why. I remember when the honourable Member brought down the Resolution, because he was able to persuade CIDA to give some money by way of grant funds and the balance by way of a long term loan on soft terms, very soft indeed.

The mistake made at that time was that the Barbados Government had no say in the patent rights occurring from the research. The Canadians themselves entered into agreement with Brooker McConnell, the McConnell people in which the patent rights seems to have gone to the British company, the Canadian Government lost patent rights, and there has been a big law suit going on between McConnell or the McConnell brothers and the Canadian Government about the patent rights to a patent which was developed essentially in Barbados, in which our money has gone into it — unless Canada turns the grant of soft loans into a full time grant — and we never had a say in those patent rights.

Indeed, when I was Minister of External Affairs, I recall seeing the documents coming in and raising with the Ministry whether or not we should not at that stage say to the Canadians, and to the British firm, that the patent rights vest in the Crown in right of the Government of Barbados rather than to the people who are being paid to carry out the research.

That is where part of the problem has come, because it was proven that some of the research was commercially viable, but because of this battle over the patent rights the whole thing has fallen to the ground.

It is not really accurate to say that the sugar industry was not interested in the results of that research. In fact, they, themselves, have shown more than passing interest in the benefit of the research.

Now when it comes to the gasohol, I think the honourable Member has done a very good job to explain away the, obviously, not well understood approach of the honourable Member for St. Michael South Central on this question of gasohol. The development of the gasohol industry out of the sugar cane is non-viable in Barbados on economic grounds. It just is not on.

We just do not have the land mass. We cannot produce the volume of sugar that is necessary at the cheap price that the Brazilians can do, to make it viable — even on existing oil prices. It just is not on. We will be wasting money, valuable taxpayers money. Even accepting the benefit of the research done in other countries, particularly in Brazil, and adapting it in Barbados, it would be economically non-viable to go into gasohol.

I believe the statistics are there. The economics of gasohol are there. The Brazilians, themselves, were having very serious thoughts at one stage as to whether or not they should have persisted in the gasohol industry because of the degree of subsidy that was being given to gasohol. For the honourable Member to say that that is the answer to Barbados' problem in sugar, I think is a mistake.

The answer to Barbados problems in sugar has been sought from 1641 or 1647 when the Brazilians first brought sugar here, and will continue to be sought for as long as Barbados will go on. The most viable vegetable plant that we can plant in Barbados, given our climatic conditions, is still sugar cane, or a grass similar to sugar cane. That has been so. The industry will have years of success, and it will have years of failure.

Traditionally, since 1647, successive Governments have had to come at one stage or another to the rescue of the industry. I would cite the period 1890 to 1910, where we had to make strong representations to the British Government, particularly after the hurricane in 1898, I think it was around that period, to bail out the sugar industry in Barbados in those days.

Several estates were going into bankruptcy. The world price of sugar, as it is today, was low — below the production cost. We were up against beet sugar in Europe being subsidised by the growers of beet sugar as you have today. We were up against the United States markets in which the United States was not only using quanti-

tative restrictions, but it was also subsidising the non economic sugar industry in the United States for internal political reasons, and also putting a cess on our sugar going into the United States, as we are having to face, once again, today.

8.50 p.m.

In those circumstances the sugar industry in Barbados went through a very rough period. In fact it was rescued; the economy was rescued to some extent by tourism. Those were the days when the Lampitt and Holt boats came from Brazil and the whole of the Hastings - Worthing area stated to develop into a tourist industry, and the right honourable Member lived very near up there, he told me, some time soon afterwards, or about that time, and we built also the Marine Hotel just about the 1900s and 1920.

Sugar had a rough time. The British Government was there to pick up part of the cost. Sugar recovered, because of world conditions, in 1940. Unfortunately, the planters in those times went on a spending spree and did not put aside for the bad days.

We have to ensure in future that out of profits coming from the sugar industry, a reasonable percentage is put aside for proper and continuing research and development into sugar and its by-products and the propagation of better sugar cane material for growing purposes. We have to ensure that we put aside enough money so that we would not find ourselves again not being able to pay, out of profits and out of reserves, for the renewal and the renovation of the sugar plant, which we have found ourselves in today, and we have to ensure that sugar, as well, changes part of its image, agriculture in general, towards people who work in sugar.

I could not agree more with people who argue for better conditions for the workers on the plantations and otherwise, but we can only do it out of funds and we can only do it out of money, and if every time the sugar industry makes any significant profit, in the years of high earnings, Government dips into the sugar industry and uses the funds for baling out Government in their fiscal problems - and do not put aside money and allow the people to have money in reserve in order to replenish and replace their plants and renovate the industry - the industry will have to come to the Government from time to time for this type of price support.

Sir, I do not know why we criticise them for coming for price support in any event. We give subsidies, in a large measure, to attract new industries to Barbados. In this case we are giving a guarantee. In the case of the new industries, we give them fiscal incentives, we give them tax holidays, we are giving them subsidised factory spaces, and we are putting up with a measure of wages

at below the level that obtains in the sugar industry today.

You do not hear a wholesale criticism of some of the foreign crooks that have come here and abused the fiscal incentives and have pulled up and gone in a short while - talking about factories like ISL and all of them at the airport. We do not hear criticisms of them. We hear criticisms of the sugar industry which is between 95 per cent and 98 per cent locally-owned, and run by local people, but we are not going to hear any criticism of the non-nationals who have abused the incentives given to them otherwise.

As a Barbadian, I am proud of the fact that the sugar industry, unlike the sugar industry in other Caribbean countries, have remained basically owned by Barbadians. I would like to see the ownership continue to widen, and in all fairness to the right honourable member for St. John, I think, although he was criticised for buying old iron at Haggatts, his intention was quite correct in order to ensure that more and more of the land in Barbados came back as Crown lands.

We were unfortunate in this respect. In Dominica, St. Lucia and what not there were always Crown lands; Barbados never had them, and his intentions was right. True enough, he got some bad bargains in one or two of the plantations.

But I think in the long run, with a greater public ownership of the land, with a wider participation of institutional investors, and through them the public in taking over some of the remaining lands, the aura of slavery, the aura of white versus black will recede, and agriculture and sugar will find its true level as an industry vital to the stability of this country.

I know of no country, big or small, which has made it, which does not have a viable and sensible agricultural sector if it is to survive and to have economic progress, and for this reason, having read over and over again the history of sugar in our country - there are books written on it and anybody who reads the Museum Journals and want to research this can do it. When we come in here we should talk with that knowledge and background. My 18 year old son can come in here and give a lecture in this House on all the plantations and their history, whose hands they have passed into because he has an interest in it, and he is not hung up on the idea that they belonged to white people in the past. He is hung up on the idea that in the future it must serve this country, and I am not praising him either, but he has the right approach to it because this is an approach we should be instilling in the younger Barbadians of the future who have to live in the 21st Century. It is the future which matters for them,

to ensure that this industry remains to carry generations of Barbados together.

The Government is right. The Government had no alternative. If the Government did not come down and support the sugar industry today, I would be the first to be criticising the Government in this respect, and the Government has nothing to be afraid about. It is merely giving a guarantee and asking the public and institutional investors in other respects to subscribe to the bonds.

I hope the bonds are fully subscribed. I would encourage Barbadians so far as the sugar bonds are concerned to subscribe to the bonds, and I am glad to see that on this particular Resolution we are able to raise the foreign exchange necessary.

I hope the industry will be able to realise in the years to come a reasonable level of tonnage, between 130 000 and 180 000 tonnes — I think it could get over the 150 000 tons. I hope that the world prices of sugar will improve, so that what we are selling outside of the preferential market will bring in enough so that they can repay these loans to the industry, and I hope that the far-sighted attitude being taken by the Ministers concerned, the Prime Minister and the Minister of Agriculture, will ensure in the future that the sugar industry has enough money to provide for its own renovations and changes that will be necessary as time goes on.

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

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

Mr. SPEAKER: Order No. 5.

PRISONS (AMENDMENT) ACT, 1982

Order No. 5 was called — To move the passing of a Bill to amend the Prisons Act.

Hon. L. R. TULL: Mr. Speaker, I beg to move that this item be deferred and that Order No. 3 be taken.

Mr. SPEAKER: Order No. 3. The honourable Minister has requested that Order No. 5 be deferred and has moved that Order No. 3 be the instant Order. Order No. 3.

RESOLUTION TO APPROVE THE GUARANTEE BY GOVERNMENT OF THE REPAYMENT OF A SUM NOT EXCEEDING US\$7 500 000

Order No. 3 was called — To move the passing of the Resolution to approve the guarantee by the Government of the repayment of a sum not exceeding the

equivalent of US\$7 500 000 or BDS\$15 000 000 and the principal and interest thereon to be made by the Off-Shore Banking Unit of Barclays Bank International to the Barbados Sugar Factories Limited.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, although I know that these papers were not circulated, we have had so many speeches on this Resolution already at such length that I really do not propose to say anything particularly on it, nor do I think that honourable Members opposite whose homework has been so complete and thorough on an uncirculated subject, that it could not possibly have been exceeded if it had been circulated, will have any objection to discussing it.

All I would say, Sir, is that this is the Resolution on which the speeches made for the last three hours would have been appropriate. There is very little I can add to what has been said on other Resolutions.

The Addendum sets out the details. We are borrowing money from the Off-Shore branch of Barclays Bank Limited. The repayment terms are set out in the Resolution, it is US \$7.5 million.

Perhaps, I could just very briefly indicate that when it was sought to build Portvale Factory, a financing plan was presented by Barbados Sugar Factories Limited to the Caribbean Development Bank who subsequently introduced Barbados Sugar Factories Limited to the World Bank.

The financing plan called for Barbados Sugar Factories to put in \$6 million to \$8 million of its own funds for the Government to put equity to the tune of another \$3 million to pay the commanding share in the project, for the Caribbean Development Bank to put in some money, \$5 million, \$6 million, for the Barbados National Bank to put in \$3 million of \$4 million and for a sum of \$2 million or \$3 million — I forgot the exact amount — to come by way of the Capital Rehabilitation Fund.

I make this last point because there has been a lot of loose talk from the honourable Member for St. Michael South Central and from the Barbados Workers' Union about the benefit to the sugar industry of the abolition of the levies.

Both the honourable Member and the Barbados Workers' Union forgot that when the levies were abolished, they were in debit to the sugar producers to the tune of some \$8 million or \$9 million, if my memory serves me exactly. That is a minimum figure. It could have been more, but it is not any less than \$8 million.

So when the levies were abolished, they were abolished with the sugar industry holding the can for

\$8 million effectively that had been spent over the years by the Government on immensely worthy projects. In our time, building the Pine Housing Area and Gall Hill. In the time of the Democratic Labour Party; building other housing areas.

But the abolition of the levies was not a straightforward benefit to the sugar industry because they never got the missing funds for the Capital Rehabilitation Fund which was always in debit, it has been raided in the interest of the people over the years. So it is quite untrue to suggest that removing the levies and putting monies in Barbados National Bank for loan purposes was a gift to the sugar owners.

The absence of those funds, because the Sugar Factories Limited had calculated — I think maybe they calculated a 26 percent of the Capital Rehabilitation Fund would have been for them, and if you multiply the 2.7 by five, you will get their calculations of the whole Capital Rehabilitation Fund, whatever it is.

The first part of the overrun arose out of the fact that there was no Capital Rehabilitation money to give Barbados Sugar Factories Limited. That is why they first ran out of cash.

Rt. Hon. E. W. BARROW: Mr. Speaker, I would like to straighten out something. I think the Rehabilitation money was paid out every year, but the Stabilisation Fund was the one which was drawn down heavily by housing and so on, because even the peasants had part of the Rehabilitation money — they called it horse and cart money. Every year, that used to be paid out.

In another respect, the honourable Member is right, because the claims against the Rehabilitation Fund was in excess of \$11 million, but there was no actual Rehabilitation money to be paid out in that respect.

Rt. Hon. J. M. G. M. ADAMS: I am glad that the Rt. Hon. Member's recollection of the total amount — in fact I think it is \$11 million. I am fairly sure it was over \$10 million. I am grateful to the honourable Member for his accurate recollection.

But the start of the cost overrun came because there was no Capital Rehabilitation money, to build Portvale Factory. Now Portvale was built at a time of very considerable international inflation, when there were many increases in the cost of materials, and it was being built on a shoestring anyhow, Mr. Speaker.

We heard estimates from \$54 million to over \$60 million for building a factory with the capacity of Portvale. I, myself, more than once questioned Mr. Osborne

as to how he really proposed to build a factory for \$22 million.

I heard that materials had been pre-obtained by one gentleman who was accused of going to South Africa. I believe that he was able to buy cut price steel, blocks left over from other construction jobs at scrap prices and that sort of thing on behalf of Sugar Factories Ltd. They located in Taiwan and in Japan, machinery which was the subject of study by the CDB and they put together a project whose viability was analysed here in the House at the time, because we came to the House to deal with the guarantee of CDB's payment to the World Bank.

All of it was in here, the entire project document was in here, it could have been seen by Members of the Opposition. I am not so sure it was — I think, perhaps, the Member for St. Michael South, was presiding. He will recall if the document was made available. So it is not as if all of this is springing out of Joe's head, unannounced, in October, 1982.

9.10 p.m.

The fact that this project existed, that it was estimated to cost very, very much less than a new factory of the same scale would have cost, has all been canvassed prior to this evening in here. Whether or not there were infelicities in the purchasing arrangements, I do not know and will investigate. Certainly, I cannot believe that anybody is suggesting that in those days, before the Government had directors in the Barbados Sugar Factories Limited, when the sugar industry was very jealous of its privileges as owners, that the Government, or any individual connected with the Government, could possibly have had any knowledge of what went on.

The first knowledge that I had even of the overruns came when I realized that Sugar Factories was unable to pay off its overdraft at the end of its crop season. I have then heard that \$6 million had been spent on rehabilitation at Andrews Factory, and there has been an overrun of \$6 million at Portvale.

Further investigation revealed that the foreign exchange cost at Portvale exceeded the funds which had come into the island through the World Bank CDB loan. I then resolved that Barbados Sugar Factories should liquidate its overdraft — because, after all, they had used their overdraft to acquire a long term asset — and that the liquidation should be done by a long term loan.

Portvale Factory will be there, Mr. Speaker, not only in the year of 1990 but, perhaps, in the year 2010. We are aiming to pay it off in 1990, and thereafter Portvale's capital costs will have been discharged.

I cannot believe that any honourable Member will suggest that it is bad economics to convert an overdraft used for building an asset that will last for thirty or forty years into a — I cannot even call it long term loan — into a medium term loan. It might have been better to get a longer term, but a longer term is simply not available at this time.

I recommend, therefore, this measure to the House as being in the best interest of Sugar Factories Limited, which will be able to pay a settled amount in respect of a known loan over a fixed period of years, and it will be in the best interest of the Barbados National Bank, the liquidity of whose Agricultural Division will be restored by this loan.

I would want to say, Mr. Speaker, in answer to a question raised by the previous Resolution — with your leave — that neither that guarantee nor this guarantee has yet been signed by the Government. We are waiting on these Resolution to obtain the monies.

The amount of money that we are borrowing will cover the foreign exchange outflow at Portvale and Andrews, the outflow which has already been spent. It will allow Barbados Sugar Factories virtually to pay off its overdraft and put itself in a position to start borrowing again for the next season, and it will be a very important component in the modernization programme.

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

Mr. SPEAKER: The question is

Dr. R. C. HAYNES: Mr. Speaker, I think we have had a very fruitful debate so far today in this kind of area, and I do not propose to make any major contribution

Mr. SPEAKER: Address yourself to the question.

Dr. R. C. HAYNES: I am doing that, Sir.

The one point I wish to make in this Resolution is this: my recollection is that in all the debates in relation to offshore banking in Barbados, there is a general consensus of agreement that one area, which, perhaps, when you exclude all peripheral matters, as far as the central impact of offshore banking on the domestic economic and financial situation, is that we must be extremely cautious about the contamination of the local financial situation by offshore banking, and I recall that it was pointed out Sir, that loans made through such offshore facilities can be a first step towards the contamination of the domestic financial situation.

To expand on that, Sir, I think is unnecessary at this point in time. I realize that the Minister of Finance would be faced with certain difficulties in raising this kind of loan for this purpose from other sources at this point in time. But I would hope, Sir, except in cases of dire emergencies, that we would not see the Barbados Government borrowing from this source in the future.

There are sound economic and financial reasons why it is important to make sure that off-shore banking remains off-shore, in the sense of non-contamination of the local financial situation. But I would caution the Minister, Sir, to ensure that in the future that he tries to avoid that kind of facility.

There are about twenty reasons why he should, which I do not wish to elaborate on at this point in time, because they were dealt with very substantially in the various amendments and so on, and in subsequent debate on the original Off-Shore Bill, and I am quite sure he is aware of the kind of problems that could result here.

The second point, Sir, is that I believe the Minister of Finance should have been taking a much firmer stand in relation to the allocation of a loan from the Barbados National Bank for purposes other than that for which it was intended, and he should not find himself in a position where he is presented with a *fait accompli* and then he himself, now has to go to an off-shore banking facility to obtain a loan with this kind of guarantee.

I think the Minister has been put in a very embarrassing position by the Barbados Sugar Factories Limited, and if I were in his position, I would invoke the provisions under the Barbados National Bank Act that makes it an offense to apply loans from the Barbados National Bank for purposes other than for which they were made. Because, certainly, there has never been any situation where the loans advanced to agriculture through the Barbados National Bank were ever envisaged as loans to be used for this purpose.

9.20 p.m.

It is absolutely essential that those responsible for running the sugar industry must understand that there is some element of sovereignty in respect of the laws of this country, that they must respect the position of Parliament and the deliberations of Parliament.

An outstanding feature of this is that despite the fact that several debates have taken place in this Parliament over the past six weeks in relation to the sugar industry, I do not think I have seen any senior members of that industry inside here listening to the voices of the representatives, those who represent the people of Barbados, and that is a matter of interest.

I recall some years ago when a debate was taking place in here on transport, the British Leyland people paid us the compliment of sending a team of people in this Parliament to listen to the debate to see what the problems were in transport in Barbados.

I think the Government has to face the fact that they just cannot respond to the inefficiency of the Barbados Sugar Producers and Barbados Sugar Factories Limited in this kind of way and they must not allow their own policies to be compromised in this matter.

The Minister of Finance knows perfectly well that these medium term loans are perhaps the worst type of loans for the Barbados Government to be making at this point in time. I do not have to quote the authority for that statement, but this is the worst kind of loan. I understand the difficulty he has, but this loan should really be a long term loan, it should be a loan that should probably have been negotiated way up front and not at this stage, a loan that should be spread over 15 years if it could have been obtained. But there is no way now that as an *ex post facto* situation he is going to be able to negotiate a long term loan in the present situation.

The Minister of Finance and the Government are going to have to take a position as to whether, after all that has taken place in the past two weeks, they are going to allow the sugar people in this country to present them with a situation where a senior member of Barbados Sugar Factories Limited could tell people that not a blade of cane would be planted in this country till the end of the last crop unless the Minister of Finance comes up with the money.

(A VOICE: Be careful with that cane blade speech, hear?)

Dr. R. C. HAYNES: I am just saying what was said.

So that the Minister of Finance has to take a stand, and I think that he has to take a stand in public, because they are not going to take him seriously if he just talks to them in his office.

I am not afraid to take a stand in public; I am prepared to take a stand in public on these issues, because I am sure that this loan through an offshore bank, with these terms as a medium term loan, or probably a short medium term loan, cannot be in the overall interest of Barbados at the present moment.

The Minister of Finance has to show some strength in dealing with these matters. Unless he deals with them now they are going to come back to him next year. I am warning you, I am suggesting to you that you take a firm stand now, and you take that stand in public.

The honourable Minister of Agriculture stated his position, quite clearly, in public. The right honourable Minister of Finance must not be afraid to take a stand in public on these matters, because this is going to compromise his own position in relation to the overall management of the country. I would hope and pray that he would take my simple advice and deal with these matters publicly and state the Government's position publicly. There is nothing you have to lose, and you can only gain if you take a firm stand in the matter in the interest of all Barbadians.

That is my brief contribution on this matter, Sir.

Hon. H. B. St. JOHN: Mr. Speaker, the situation is very clear. The assets of the Barbados Sugar Factories Limited are sufficient, even on a real estate appraisal of the land surrounding the curtilage of each particular factory, to pay back this loan.

I agree with the honourable Member for St. Michael South Central that it is important for the message to be got across to Sugar Factories Limited that if they wish to rely upon parliamentary support for the guarantee, that they are in a position of any borrower. A borrower is not a free agent, a borrower has to accept the terms and conditions which a lender or a guarantor dictates to them.

I have already said in the previous debate that we have laid down a number of conditions in relation to a Financial Controller, and I wish to elaborate on one or two other points which I feel the Government should insist on.

Gone are the days — I am sorry for the honourable Member for St. Lucy, he may intervene — but gone are the days when the transport of cane to factories should be left at the whim and mercy of a few independent proprietors of transport equipment who feel that they should get more out of the transport of canes to a factory than the grower who takes nine months to grow them.

Secondly, gone are the days when the imports of fertilisers for the industry should have to pass through an intermediary who is to make commissions before it is passed on to the growers who, after all, are the people who spend most time and who are most exposed.

I had the privilege, Mr. Speaker, of looking at the Irish sugar industry. Barbados, as we know, used to export sugar to Ireland for processing, and I was most impressed by the totality of the services that the Irish sugar factories used to provide for the growers. The services extended to the provision of limestone, which is fertiliser for them, and reaping, which the sugar factory

provided. In short, the grower was concerned with growing, fertiliser purchase, cultivation, reaping — and marketing was the purview of the processor.

Barbados has gone a long way in respect of the relationship between the grower and the processor *vis-a-vis* the division of revenue between the processor and the grower. Now that the Government is the guarantor, I think the Government is in a much better position to insist on what we call a vertical integration operation than we were before.

There are two points I wish to correct which were made by the Leader of the Opposition. I agree that at the time when Haggatts and the St. Andrew group was bought that the then Government was not in a position that one would be in today, because at that time the sugar industry amalgamation had not yet taken place. 9.30 p.m.

The sugar industry amalgamation, as far as my memory goes, took place somewhere around 1967, whereas the first ADC estate took place somewhere between 1961/62, 1962/63. But today, no cane grower can sell, no land owner can sell his land without a transfer of the shares, since Sir Erskine Ward's amendment, arising at the time of the amalgamation, unless either the shares are to be transferred or converted into a suspense account which is not eligible for dividends or things of that kind. So we are passed that.

But the truth of the matter is that Sugar Factories Limited has to provide services to the cane growers in the form of good processing, in the form of, in my opinion, transport and advisory services in relation to cultivation practices, mechanisation and things of that kind. I want to see a total integration.

I think this is one point that all of us should try to get across. The structure of ownership in the sugar industry in Barbados is really changing. The big captains of industry, Shipping and Trading and all of these, are leaving the sugar industry; because the dollars that they had invested, they can pull them out and earn a better return in distribution than in the past.

Now it is our duty to ensure and this is a fundamental point that we have a land tenure situation where genuine professional farmers can have access to land at a reasonable price so that they can make a comparable living to employment otherwise.

Of course, I know, Sir, it would be impossible for them to earn a comparable living to that of the honourable Member for St. Michael South Central, or, indeed, the honourable Member for Christ Church West Central, or, indeed, the honourable Member for St. John; or, indeed, the honourable Member for St. Michael North — nothing to say of the great sophist that we have,

the type of profession of the honourable Member for St. Philip North and what that can command.

But, at least, the position is this. What we have to do is to ensure that that class of person, that type of person of whom we in Barbados are not deficient, and this is where I agree with the honourable Member for St. John.

There are a number of people increasingly who are coming out of school who wish to earn their living in the future via the land. This is not a question of asking them to go back to the land. These young boys or young women have decided in their minds that that is the area of occupation they wish, but we do not have a tenure system or the mechanism to ensure that these people who are trained in agriculture can get access to land — and this is the greatest challenge that we have.

Barbados has gone through the revolution of the percentage of their labour force to be employed in agriculture. Less than 10 per cent of the labour force in Barbados is employed in agriculture. Barbados has gone through that revolution. We have passed that battle.

Less than 5 per cent is employed in agriculture, even at peak periods. We have reached the threshold of total mechanisation in agriculture — as a matter of fact, there is a shortage of people in agriculture. But we must ensure that from the growing right up to the processing stage, we have an integrated system of the total capital and the total services which are required to ensure that we have the most efficient industry.

The Government is dedicated to that aim, and all of the people who are obstructionists, who wish to be obstructionists in this area, it is our duty to ensure that they are removed, and the Government is committed to that.

Thank you, Mr. Speaker.

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

Mr. SPEAKER: Item No. 7.

INCOME TAX (AMENDMENT) (No.2) ACT, 1982

Order No. 7 was called — To move the Second Reading of the Bill to amend the Income Tax Act.

Rt. Hon. J. M. G. M. ADAMS: In a technical sense, Mr. Speaker, we should have passed this before we passed the Resolution, because it is this that gives statutory authority to the issuing of tax-free bonds.

Really, I think I have said everything that could possibly be said in those few words — that we must amend the Income Tax Act to allow us to issue tax-free bonds for insurance companies.

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

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

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

On motion of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. L. S. CRAIG Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. ODLE in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is in Committee.

Clauses 1 and 2 were called and passed.

On motion of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. Dr. R. L. CHELTENHAM, Mr. CHAIRMAN reported the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.
9.40 p.m.

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

THE ADJOURNMENT

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that this House do now adjourn until Tuesday, November 2, 1982 at 12 o'clock noon.

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

Rt. Hon. E. W. BARROW: Mr. Speaker, speaking on the motion for the adjournment, earlier on, I had asked whether the guarantee had already been given, and the right honourable Prime Minister left the Chamber and we never got any reply to that, and I am wondering whether at some future and early time he will give us the assurance that the guarantee had not been given prior to his coming to the House with the Resolution.

Mr. SPEAKER: The right honourable Prime Minister gave that assurance, that he had not signed any guarantee.

Rt. Hon. E. W. BARROW: I beg your pardon. Is that what he is saying now? I did not hear that during the course of the debate.

Mr. SPEAKER: I said the Prime Minister gave that information that he has not signed any guarantee.

Rt. Hon. E. W. BARROW: I never heard that. I thank you for your assurance, Sir.

Rt. Hon. J. M. G. M. ADAMS: I did not think I would be disrespectful to the Leader of the Opposition as to fail to answer a reasonable question like that. I did say so while moving the second Resolution. I have not signed any guarantee.

The question that this House do now adjourn until Tuesday 2nd November, 1982, at 12 o'clock noon, was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the House accordingly.
9.43 p.m.

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SPEAKERS IN THIS ISSUE

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