
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1981 – 86

HOUSE OF ASSEMBLY

Tuesday, June 7, 1983.

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

PRESENT

His Honour C. L. Bolden, LL.B., (Deputy Speaker)
Hon. L. S. Craig, (Minister of Parliamentary Affairs
and Leader of the House)
Hon. Miss B. A. Miller, (Minister of Education)
Mr. J. G. Odle, B.Sc., (Chairman of Committees)
Mr. B. M. Taitt, B.A. (Hons.), M.A., LL.B. (Hons.)
Mr. L. L. Sisnett
Mr. R. E. Brathwaite
Hon. Dr. D. G. Blackman, (Minister of Health and
Community Services)
Mr. A. Truss

Prayers were read by Archdeacon F. A. Cayless.

MINUTES

Mr. DEPUTY SPEAKER: The Minutes of the meeting of Tuesday, May 24, 1983.

Hon. L. S. CRAIG: Mr. Deputy Speaker, I beg to move that the Minutes of the meeting of Tuesday, May 24, 1983, be taken as read.

Mr. DEPUTY SPEAKER: If there are no objections or observations, ...

Mr. B. M. TAITT (St. Michael West): Mr. Deputy Speaker, I have no objection to the Minutes. I just have one query. If one looks at the Minutes on page 1, they have as present "Mr. Deputy Speaker", and then on that same page it says "Mr. Speaker took the Chair at 12.15 p.m." It recurs in a subsequent set of Minutes, and it may

very well be that this is a new style or it is a style of presenting the Minutes. I just wish to know if that is so. If it is, then I have no quarrel with it, but I would think it would say "Mr. Deputy Speaker took the Chair."

I noted that while we were doing the Budget, the Prime Minister sometimes referred to Your Honour as "Mr. Speaker". It may be that the new dispensation in the keeping of Minutes allows for the Deputy Speaker to be referred to as Mr. Speaker. I am merely raising it.

Mr. L. E. SANDIFORD and Mr. H. A. BLACKMAN entered the Chamber and took their seats.

Mr. DEPUTY SPEAKER: I am grateful to the honourable Member for St. Michael West for drawing to our attention the method by which the Minutes are being kept. The Clerk has assured me that they will make the necessary corrections, and since the error seems also to appear in the Minutes of May 31, 1983, subject to any further observations, we will have the Minutes sent back to the Clerk for the necessary corrections if that is the wish of the House.

Dr. R. C. HAYNES entered the Chamber and took his seat.

Mr. B. M. TAITT: Mr. Deputy Speaker, I believe that this could be seen by way of a typographical error. I do not think it is necessary to send them back. We can confirm the Minutes as long as the Clerk will make the necessary corrections.

Mr. DEPUTY SPEAKER: I therefore order that the Minutes of the meeting of May 24, 1983, be confirmed subject to the typographical error made on page 1, which I hope will be corrected by the Clerks in due course.

The Minutes of the meeting of Tuesday, May 31, 1983.

Hon. L. S. CRAIG (St. James North): Mr. Deputy Speaker, I beg to move that the Minutes of the meeting of Tuesday, May 31, 1983, be taken as read.

I am also grateful to the honourable Member for St. Michael West (Mr. B. M. Taitt) for drawing this matter in relation to the first set of Minutes, of May 24, 1983, to your attention and the attention of the House.

There is also a problem on the 31st, to which you made reference. If there is no objection to the same procedures which we are prepared to accept whereby the Clerk will make the appropriate correction, I will move that the Minutes be taken as read, subject to that correction.

Mr. DEPUTY SPEAKER: If there are no further observations or objections, let the Minutes stand confirmed subject to the typographical error which must be corrected by the Clerk.

MESSAGES

Hon. L. S. CRAIG: Mr. Deputy Speaker, I am commanded to lay the following Message:

Message No. 4/1983 advising of the absence from Barbados of His Excellency the Governor-General and Lady Ward during the period 9th June to 20th July, 1983 and of the designation of Senator The Hon. Sir Arnott Cato as acting Governor-General during the said period.

PAPERS LAID

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

The Entertainment Tax (Amendment) Regulations, 1983.

GOVERNMENT NOTICES

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

A Resolution to approve the compulsory acquisition of land at Two Mile Hill, St. Michael.

A Resolution to grant the sum of \$58 000 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1983-84, Part II — Capital, as shown in the Supplementary Estimates 1983-84, No. 2.

A Resolution to amend the note to Subhead 3 — Improvements to the Archives Department under

Capital Head 80 — Ministry of Information and Culture.

GOVERNMENT BUSINESS

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

Mr. DEPUTY SPEAKER: Government Business is the instant Order of the day.

SUSPENSION OF STANDING ORDERS

Hon. L. S. CRAIG: Mr. Deputy Speaker, I beg to move that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of the day's sitting.

Mr. R. E. BRATHWAITE: I beg to second that.

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

RESOLUTION TO ANNUL RESOLUTION NO. 64 of 1982

Order No. 1 was called — To move the passing of a Resolution to cancel Resolution No. 64 of 1982 and to approve the guarantee by the Government of the repayment of a sum not exceeding the equivalent of U.S. \$7,500,000.00 and the principal and the interest and other obligations in respect thereof, to be made by the Off-Shore Banking Unit of Barclays Bank International to the Barbados Sugar Factories Limited.

Hon. L. S. CRAIG (St. James North): Mr. Deputy Speaker, the 1983 sugar crop has apparently reached its closing stages, and, I have no doubt, much to the regret of all Barbadians, because of rain and to a lesser extent fires on this occasion, we have not been able to reach our target in tonnes of sugar as I had been made to understand.

12.25 p.m.

At this point I commend Barbadians and all those who worked very hard during the 1983 Crop to sustain the number of cane fires which we were having over the past years. From reports reaching me, there has been a significant decrease in cane fires, and I hope the day will come when we can safely say that the whole problem of cane fires has once and for all been wiped out.

I believe that many of the fires are accidental, and I am in no position — I do not even think the

experts are in a position — to determine exactly what was the cause of the spate of cane fires over the years. But Barbadians and all those people involved must be congratulated on the job which they set out to do on this occasion, to reduce the number of cane fires throughout the year.

In a few days' time, Mr. Deputy Speaker, Barbadians will be rejoicing at the end of the crop which is now familiarly known to us as "Crop Over". And I sincerely hope at this point that Barbadians would respect the rights of each other and those people who have spent their money in making the occasion a gala one.

I am told that many Barbadians from overseas are coming back to the country to participate in this exercise. The Ministry of Information and Culture, I have no doubt, is doing whatever is in their power to make sure that the occasion is even bigger and better.

The calypsonians are in full cry. I have heard a couple of the records and, invariably, Governments and politicians are always the ones who get the blows from the calypsonians. I must confess, however, that hearing the calypso, "Barbados Is A Paradise", I am particularly happy to note that one of the calypsonians has recognized that Barbados is a paradise in its own right, as compared to so many countries throughout the world where there are economic problems, much suffering and where a lot of them are torn apart by war and strikes.

Sometimes I say to myself, I wonder if it were in any way possible that you could take a lot of Barbadians out of Barbados for one day, put them into some of these highly industrialized countries and some of the Third World countries and see what it is like as compared to what we have in Barbados. I know that Members on the other side and on this side would agree with me that Barbados is a paradise in its own right, as compared to several of the other countries.

When I go abroad, I speak very highly of the contribution which Members on that side have made over the years in helping Barbados to be what it is today. We have our problems, no doubt, but I am quite sure that they are problems which, with dint of hard work and consciousness, Barbadians will do everything within their power to overcome to make this country the real paradise which we happen to know it is, especially those who work in tourism. We have to be aware of the fact that tourism is an industry which we have to be particularly interested in from a foreign exchange point of view. In this area it is stronger than sugar.

The Resolution before this Honourable House is to cancel Resolution No. 64, which was a Resolution passed in this Honourable Chamber, I think some time in November last year. Yes, Sir, on November 9 last year,

Resolution No. 64 was passed. So I do not think there is anything too great which we should have any problem dealing with today. It is a proposal for \$7.5 million, Mr. Deputy Speaker, to be made by Barclays Bank to meet the cost overrun at Portvale Factory and to assist in the modernization of Andrews Factory.

In the original Estimates, Sir, the construction of Portvale Factory was supposed to be \$19 million. The final estimated cost as stated in the Prospectus for the issue of the 1982 Sugar Bonds was something like \$27.5 million. This, however, excluded transfers of plant from closed factories, which was valued at \$1.5 million.

In order, therefore, to liquify the Barbados National Bank's cash position at that time, and to cover the foreign exchange component in the cost overrun incurred, it was decided to seek a Euro dollar loan in the sum of US \$7.5 million from Barclays Bank International Limited.

The terms of this loan calls for semi-annual repayments to be made in ten years, in consecutive semi-annual instalments starting in 1985.

Much may be said about this Resolution, and I have no doubt we shall hear from the other side as to what the merits and demerits of this Resolution would be.

I am also informed that Portvale Factory has now overcome a number of its teething problems.

With those few remarks, Mr. Deputy Speaker, I beg to move, that this Resolution do now pass.

Mr. R. E. BRATHWAITE: I beg to second that.

Dr. R. C. HAYNES: Mr. Deputy Speaker, the method of introduction of this Resolution indicates a total lack of familiarity with the status and the purpose of the Resolution before the House.

First of all, it is yet another example of the confusion which exists in the Government where we have had a Resolution passed by this Parliament only a few months ago, as part of the price support mechanisms for the sugar industry, and now, in 1983, just before coming for another price support mechanism, we find here a Resolution which would seek to render the previous Resolution null and void — because the legal advisers for the Crown, the bank and sugar factories felt that that Resolution which was passed in this Honourable House did not meet the purposes for which it was intended.

12.35 p.m.

This is one of a series of errors made by the Government, where the time of Parliament has been used

up again and again to correct errors, and it is a symptom of a fundamental disorder and lack of competence within the present Administration at the level of the political directorate. And that, too, is spreading to other areas of Government machinery which has become very depressed by the attitudes and incompetence of the present Administration.

But it is very important to look at the substantive aspects of this Resolution. One of the main features of the sugar industry in Barbados resides in the fact that the foreign exchange costs of your foreign exchange earnings have been traditionally lower than the other export earning sectors of the economy. Therefore, anything that alters that, alters in a way the fundamental advantage of the sugar industry to Barbados as a whole.

We have had increasing mechanisation, which has serious foreign currency implications. We have had major defects in transportation, which have foreign currency implications. Now we have a foreign currency loan to the sugar industry, which, of course, would reduce your net foreign exchange earnings from the sugar industry. And indeed, these loans are being made at an interest rate which would have to be subsidised by the taxpayers of this country so that it can be onloaned to the sugar industry at the rate at which loans are made to the sugar industry.

In addition to that, this situation has come about as a consequence of the gross mismanagement of the sugar sector in Barbados. Of course, Government has failed to take decisive and corrective action, and have allowed itself to be coerced into a position where the survival of the Barbados National Bank depends on the capacity of the sugar industry to repay the loans made to it, or in the alternative, on the taxpayers putting up the money, which has gone into the pockets of many of the sugar owners of this country.

It is important for all Barbadians to recognise that in 1980 this country had a bumper crop of some 135 000 tonnes and got a bumper price in that year. By the following year, 1981, the prices within our protected market had not dropped significantly - I have checked that out; it was a difference of between \$1 064 per tonne and about \$900 or something like that per tonne - but what happened was that there was a dramatic drop in the amount of canes produced in Barbados.

The point I want to make is that if you were to look at the credit to the sugar industry, you would find it most alarming that in 1980, the year in which this country had bumper earnings from sugar, credit to the industry increased dramatically, and you would see that the cycle of normal fluctuations in the levels of credit to the sugar industry, which, of course, would vary at the time of cultivation loans and at the time of reaping loans,

disappeared in the year 1980. I want to know what happened to the money that was earned by Barbados on sugar in 1980? Where did it go to?

I have called again and again for an inquiry into the building of Portvale Factory. Portvale Factory has undermined the sugar industry to an extent that is absolutely incredible. There have been many problems there; it is not only a question of cost overruns. That is one of the main reasons why the Barbados National Bank is in the state that it is in, and why the sugar industry is in the state of bankruptcy that it is in.

And this has to be answered at some point in time, because the sugar industry today is owned by the taxpayers of Barbados. It is no longer owned by those who owned those plantations and factories for years. They have taken out of it all they could get, and the net result is that the taxpayers are being called upon to re-establish and reinforce the existing ownership structure in Barbados.

It is total nonsense to say that the problems in the sugar industry are non-Barbadian. You cannot show that. There is no way that you could have moved from your position in 1980 to that of 1981 as a result of external factors. It is quite impossible! You had some \$30 million to \$40 million surplus earnings in 1980, and in 1981 you came and told me that you have found yourself in a situation where you have to rely on the collapse of the Sugar Levy funds, to the tune of some \$24 million, in order to prop up the industry in 1981!

And that \$24 million belong to the workers, the small farmers, the plantations and a proportion to the factories themselves, and that is what was used as price support to the industry in 1981! And it was not only used to prop up the industry, but also to prop up the Barbados National Bank, which has been caught up in a vice because of unsupervised loans through the bank, with indeed lack of supervision by the Minister of Finance, who is responsible for the Barbados National Bank.

It is also total nonsense to say that it is due to wages. Wages in the sugar industry have risen at a lower rate than non-skilled labour in Barbados and, on top of that, there has been a drastic diminution in the work force in the Sugar Industry from some 25 000 people in the 1950s to probably around 4 000 to 5 000 people now in the 1980s. So it cannot be due to wages.

I will tell you what it is due to. It is due to chronic mismanagement. It is due to an abuse of credit to the sugar industry. It is due to financial mal-practices within the sugar industry in Barbados.

12.45 p.m.

Hon. L. S. CRAIG (St. James North): Sir, on a point of order; I have listened very attentively to my colleague, the Member for St. Michael South Central, as he made criticisms of the Resolution. I would hope that in his address to the Chamber he would also present to us some corrective measures in the interest of the sugar industry. You are pulling down, and in the interest of the entire country I hope you would like to see the sugar industry perform, so let us hear the corrective measures too, not only the criticisms. Let us hear the corrective measures in the interest of all Barbadians, not in Craig's interest or in Haynes' interest.

Mr. DEPUTY SPEAKER: Will the Leader of the House please take his seat? That is not a point of order.

Dr. R. C. HAYNES: Mr. Deputy Speaker, there is a fundamental rule in this House that you do not anticipate votes of Parliament. I have a substantive Resolution before this Parliament where I will be offering a constructive approach to the sugar industry. I gave notice of that Resolution in this House last Tuesday, and when the time comes, I will deal with that aspect of the sugar industry.

It has been reported in the Press, and it has certainly been given notice of in this House, but if the honourable Member does not even know what is going on in here, that is his problem. It is his duty to find out what is going on in Parliament at least. But I gather he was in Columbia — he would not know what is going on here.

Let me tell you what happened, Mr. Deputy Speaker. All that happened at Portvale is that there was an exchange of mills between Antigua and Barbados, and because of the exchange of mills we found ourselves with a mill that could produce 25 000 tonnes of sugar. They tried to place that mill into Bulkeley. When they realised that if they placed the mill into Bulkeley the other renovations at Bulkeley would be so expensive that it would not be worthwhile, they started to look around for a site. Where did they go?

To start off with, the site was very badly chosen and was one of the major factors contributing to the capital cost of that investment and the running costs of the industry. At the moment where Portvale is sited, it increases the transport costs for all persons delivering canes to Portvale, apart from those in the north. That is the first problem.

The second problem is one of noise pollution involving a major development on the west coast. The third one is ash pollution involving the same area. The fourth one is a water problem. Every factory in Barbados has been built over the years with access to well water. Do you know, Sir, that they have to use

water out of the pipes in Barbados to run Portvale? The Fifth one is that the access road was so defective that a new access road had to be virtually built in order to carry the canes to Portvale.

These are five major constraints relating purely to the selection of the site at Portvale. Those persons who made that decision should not be allowed to continue to run the industry with the taxpayers' money. That is what I am saying!

I go further and say there is no reason why Porters could not have continued in existence. It was a good factory — it has always been a good factory. Porters and Vaucluse were vandalised, equipment taken out and put into Portvale. And that has not been properly costed into the whole operation, which amounts to something like \$37 million rather than any \$31 million quoted. These are facts that must be known. Go through the books of Porters and Vaucluse and you will find out what is happening.

Sir, let me tell you this. Over the past two years you have had a factory which is supposed to produce up to 25 000 tonnes of sugar a year. Last year it produced something like 3 000 tonnes; this year about 11 000 tonnes. That is 14 000 tonnes out of a capacity of 50 000 tonnes of sugar that it should have produced over the past two years.

In addition to that, there is a major problem apart from the question of the

Hon. L. S. CRAIG: Sir, on a point of order: It is not fair for the honourable Member to be saying that it produced 3 000 tonnes of sugar last year unless he goes on to say that the factory started to work in the middle of the crop.

Mr. DEPUTY SPEAKER: The honourable Leader of the House will have the opportunity to reply and correct any misconceptions which he believes have been made in this debate.

Dr. R. C. HAYNES: Mr. Deputy Speaker, it is even worse. One of the pre-conditions of a price support policy by the taxpayers as set up by the Government, is that the factories must be ready at the beginning of the crop. This year Andrews factory, for example, was not ready at the beginning of the crop, they were in breach of the agreement for price support, and the only reason Portvale produced 13 000 to 14 000 tonnes of sugar this year was because Andrews was not ready. Otherwise, the canes would not have been available. It was also because they cut back on the amount of sugar that Haymans could produce, in order to create the impression that some activity was going on at Portvale.

You therefore have a situation where this kind of money has been spent and for two years now that factory cannot be put into full production — but your running costs have been increased considerably by the various factors relating to the site.

Mr. Deputy Speaker, there is another major factor. I have called for a public enquiry into the building of Portvale. The fact is that the factory was built without provision being made for the capital financing of the factory. It was built without a proper feasibility study being done. It was built out of money advanced by the Barbados National Bank, not for construction purposes — money that should have been used for cultivation and for the reaping of the crop. It is a criminal offence under the Barbados National Bank Act for anyone to borrow money from the Barbados National Bank and use it for purposes other than the purpose for which it was borrowed.

When they reached the point where the Barbados National Bank could not advance them any more money in 1981, when they went to the Caribbean Development Bank to draw down the portion to which the CDB had committed to the capital development of Portvale, the Caribbean Development Bank itself had to call in an expert, Mr. Keith Laurie, in order to do a feasibility study before, in accordance with its charter, in accordance with its rules, and in accordance with its regulations, before it could advance any money to Portvale factory.

That kind of mismanagement is something you cannot repeatedly be asking the taxpayers to bear the brunt of. Already this year we have had sugar prices put up, and those sugar prices are part of the price support for the sugar industry this year. You could import sugar into Barbados today and sell it at a cheaper price than the sugar produced in Barbados; whereas the reverse has always been the case, where our locally-produced sugar was made cheaper to people in Barbados.

Aside.

Dr. R. C. HAYNES: You do not understand what is going on. What I am saying is that they are getting a price support by every single person who buys sugar in Barbados. That is part of the price support you are giving to the sugar industry, and you have to have some long term policy. If we have to pull our pockets to support the industry, then you have to have some policy in relation to that industry, not only to ensure its future viability, but also to ensure that there can be no doubt that the ownership structure in the industry would be significantly altered in order to enhance better management of the sugar industry.

At the moment the management in the sugar industry is totally divided. One group is running to one set of lawyers, the other group running to another

set of lawyers. This amalgamation between the plantations' representatives and the sugar factories' representatives is another factor, and there is total confusion existing within the sugar industry today among the managers of the sugar industry. The end result of it all is going to be that the cost of manufacturing sugar, because of Portvale and because of mismanagement, is going to rise.
12.55 p.m.

And sooner or later you are going to hear that the 26th part is not enough to meet the needs of the factories, which means that the growers of cane, who to date have got something like \$50 per tonne so far advanced and do not know where to turn to in order to find money to start cultivation of next year's crop, will be going out of production, unless the taxpayers come up with more money this year, either by guarantee or by some other means, to get money for them.

So what are we doing here? We are supporting one of the worst investments made in this country, that Portvale Factory.

Let me tell you something, Sir. There was no Tenders Committee. Some time ago, I made a matter relating to Sucron Services Ltd. a document of the House. One of the chief executives of Barbados Sugar Factories Ltd. bought most of that equipment for Portvale through a subsidiary company called Sucron Services Ltd., and much of that equipment came from Taiwan, which has no tradition in relation to the manufacturing of sugar equipment.

My material, which was made a document of the House, was scrapped and thrown on the ground by the honourable Leader of the House, but an honourable Member in the Other Place got up and confirmed that what I was saying was true, that they questioned the person about his involvement with a particular company, but nevertheless proceeded to hire him. I am referring to the Sucron Services Ltd., which ordered most of the equipment. There was no Tenders Committee set up for Portvale until August, when construction was coming to an end.

These are things which we need to look into. It is true that it has happened, but we cannot just say it has happened and we are going to let it continue, or that we are not going to take steps to ensure that the taxpayers of Barbados would be protected in the future against that kind of thing.

I was very much gratified when a senior sugar baron in the Other Place got up and said that what I was saying was true, that the document relating to Sucron Services Ltd., which I made a document of this House, which was folded up and crushed in the hands of the

honourable Leader of the House and thrown on the Floor of this House, was absolutely correct. It is part of the official records of the Other Place.

Aside.

Dr. R. C. HAYNES: That was just after the crop.

Now, Sir, let me tell you some other things that have been happening in the sugar industry. Take the question of transportation in the sugar industry. Do you realize that no effective transport study has been done in the sugar industry now for years? Do you realize the way in which the cost of transport has escalated? When the people in St. John and St. Joseph had to transport their canes to Portvale because Andrews was not operating, do you realize what cost that was not only to the country, but the cost to the individual with the amount of gas involved in relation to that kind of exercise in transport? In terms of the rationalisation of the factories in Barbados, and in regard to their siting, there has been absolutely no recent study of the implications of transport costs in relation to the sugar industry as a whole.

Mr. Deputy Speaker, we on this side accept two arguments about the sugar industry. We accept the ecological argument in relation to the sugar industry. At least I accept the ecological argument. I am not in a position to question the ecological argument, namely, that to prevent erosion of the soil, then a substantial proportion of Barbados either has to be forested or, in the alternative covered by some kind of grass, and that sugar is the most suitable product for Barbados. That is not only because we have the technological advantages, but we have also a considerable amount of physical plant in place. So we accept that as a matter of argument. We also accept that there is a foreign currency earning potential in the sugar industry.

If we accept those two things, then it is absolutely important that various other factors must be looked at. Let us look at the question of costs at plantation level, because, make no mistake, what goes on at Portvale affects every plantation in this country. I will tell Members something now that they do not know. Because Sucron Services bought that equipment from Taiwan; because the crystalizing unit has not worked well last year and has not worked well this year; because when you buy molasses from Portvale, that molasses contains a high content of sugar — but you get the same price for molasses — when you come to the final payment, the small cane farmer and the plantation owner are the people who are going to pay for it in the end, because there is a fixed proportion, as you know, that goes to sugar factories, whether they are run efficiently or inefficiently.

I am only showing you how these things affect unit cost. We should not be considering any Resolution for any loan for Portvale, or any kind of sugar support mechanism in Barbados, unless we look at the linkages and where the linkages take place within the sugar industry. That means you have to look at unit production cost at plantation level.

No proper study has been done, or is being done, apart from a small pilot project; and my understanding is that the application of that pilot project on a small plantation in Barbados shows that the cost of production of sugar has been grossly exaggerated in this country.

There is no point saying that you are putting in a Financial Controller. It is going to take him about three years to examine the accounts of that industry, and he is going to have to get a massive staff to go out there and monitor what is going on at unit level.

Let me tell you what happens at plantation level in relation to unit production costs, and honourable Members will just have to face this. What we are doing when we increase the price of sugar to help the sugar industry, when we guarantee a loan to increase the public debt, when we underwrite the difference in interest that the Government has to pay on the loan and what is on-lent to the sugar industry — these are factors that you have to face — is making the industry, the taxpayers' responsibility and using the taxpayers' money.

On most of those plantations, all the losses are piled up against sugar. There are the cash crops, but a lot of the money does not go through the books. All the labour is piled up against sugar. All the equipment and the depreciation of the equipment is piled up against sugar, so you run up massive losses against sugar.
1.05 p.m.

The costs of production of sugar goes up and up but you do not see a poor plantation owner. They do not have the life style that would suggest to you that they are losing \$100 000, \$200 000 and \$300 000 year after year. Look at the generality of it and see what is happening.

Now that sort of thing has to stop. The point has to be made to the sugar industry in Barbados that they have to accept once they are accepting taxpayers' money, directions from the Government, they have to accept directions from this Parliament and they have to accept that the National Bank owns their property; and that if they do not comply, then the usual measures that apply in the event of any company in bankruptcy should apply to the sugar industry, unless someone who is interested comes in and runs the plantations on a proper basis.

Let somebody buy the plantations out of bankruptcy and put them on a proper economic footing. It is as simple and straightforward as that. We just cannot continue like this. We are not doing ourselves any good, let me tell you that. And you are not doing yourself any good if you do not face up to these things.

The Government has no duty to get up here and defend a situation when they know that it is wrong. Why do you think the Government put a Financial Controller inside there? It is because they were concerned about the financial management of the whole sugar industry. What they should insist on now is that not only a Financial Controller be put in there, but that there should be a substantial amount of accounting staff to make sure that there is proper supervision of the accounting aspects of the industry.

What happens and this is where this thing has a vicious effect on the sugar industry — when you get these kinds of losses on large plantations, which are shareholders in the sugar factories, is that it all boils down and depresses the price of canes to the small plantation owner or the small farmer. There is not a small farmer I can think of, even if he cultivated his land himself without hiring labour, who would have made a cent out of sugar in 1981, last year or this year — and probably not next year. So eventually, it is the small man who is totally ruined.

The honourable Minister of Transport (Hon. V. L. Johnson) must know what I am talking about. You put your sweat into these canes, you do your best and get a decent crop going, and then at the end of the day, when you are faced with the cost of harvesting and the cost of transport and the final price you get, you end up losing money — when you know perfectly well that one of the major problems has been the mismanagement in the upper echelons of the sugar industry. All that happens then is that you have to turn around and give a further support to sugar under these conditions. That kind of nonsense has got to stop.

The whole question of cost effectiveness in the sugar industry has to be looked at. If you look at the confusion during the crop, and the roads in Barbados during the crop, there is clear evidence that there has been no recent traffic studies in relation to the sugar industry.

Asides

Dr. R. C. HAYNES: I am not talking about traffic studies in a transport sense; I am talking about traffic studies in an industrial sense, and those who understand these things will know what I am talking about. Traffic in relation to the sugar industry is a question which relates to cost effectiveness and relates to the whole

industry. It is a technical term that you use in that kind of industry or in any industry

Mr. DEPUTY SPEAKER: If the honourable Member wants to carry on a conversation across the Chamber, I will ask him to sit down and do it outside.

Dr. R. C. HAYNES: No Sir. I will do no such thing. I am talking about traffic studies.

Mr. DEPUTY SPEAKER: You must talk to the Chair and not across the Chamber. I said that if you want to carry on a private conversation, you are welcome to have it elsewhere.

Dr. R. C. HAYNES: Thank you, Sir. I fully agree, Sir. I know you understand what I mean by industrial aspects of a traffic study and the question of distribution.

When you look at a traffic study in Barbados, you will realise that Portvale should never be where it is. Do you realise, Sir, that last year Haymans — I have a little note here — produced something like 16 000 tonnes of sugar, just Haymans alone, and Haymans and Porters would be totally capable of meeting the needs of the north for another twenty-five or thirty years.

If the total amount of sugar that you anticipated you would produce was between 135 000 tonnes and 150 000 tonnes, that was wishful thinking, because unless something is done to increase the price to the primary producer, then you will never get it. You cannot get sugar unless you have canes, and you cannot produce canes unless the man who is producing the canes, at least, is going to get his money back, or is going to make a profit; and if you have a bad and defective management and manufacturing sector, then you are ultimately going to so depress the price of canes to the primary producer that he will simply go out of cane cultivation.

Another factor which has seriously affected the operations of Portvale and the other factories in Barbados, and production, is the incidence of cane fires. You hear all this talk about cane fires. The cane fire problem has been largely solved as a result of the study by Douglas Lynch. It was realised that the people who own the canes were the main people burning down the canes, and once you removed the insurance inducement or incentive, they stopped burning the canes.

That is the main thing that has happened this year. There are the same workers in the cane fields this year as they were last year and the year before. All that it has been, it is a simple matter, is that the insurance inducement has been significantly altered. It is as simple and straightforward as that.

But, Sir, I can tell you something, which, even though you are an agriculturalist, I do not even know if you would know. Do you know that one of the most damaging things to the sugar industry and to the factories like Portvale is the question of soil compaction? Do you know that soil compaction is a direct consequence of the kind of tyres that are used on equipment which operates in the cane fields when the fields are wet? And do you know that the administrators in the sugar industry have done nothing whatsoever to deal with soil compaction, and they come back here year after year and talk about rain interfering with the yield for the following year?

Sir, a minor investment in the use of balloon tyres, instead of the traditional tyres which you see on tractors and so on operating in cane fields, would reduce the amount of soil compaction by about 95 per cent, and would enhance the yield of affected areas by something like 98 per cent.

That is scientifically proven, but they just would not do it here! They are not interested in doing it because they figure that the year they get a low crop, they can always call on the Government to put up the price of sugar or to guarantee a loan to the Barbados National Bank to support the sugar industry.

And they feel that they have such a controlling influence over this legislature that I have seen three major Bills, apart from this Resolution on sugar, being debated in this Chamber and I have never seen a representative of the sugar industry come down here to see what the parliamentarians think about what is going on in the sugar industry. Not one ever comes down here to listen, because they feel that once they tell the Prime Minister that they want the money, they are going to get the money.

But understand clearly what you are doing. Understand clearly that those people have run these estates into bankruptcy. Look at the Central Bank statistics; look at page 1. If you look at that page, you will see that it is in 1980, as I said before, and I invite honourable Members to go and look and see how that rhythm disappeared when \$40 million extra was available to the industry in Barbados. Explain it to me! There is no way that that could have happened! It could not happen in twelve months!

I make no apologies for what I am saying, because I am here defending the interest of the totality of the Barbados community. And as I say, given the positive features of the sugar industry as I outlined, it is my duty to ensure that not only the members of this Honourable House, but every Barbadian understands what is going on in relation to price support and how it came about. 1.15 p.m.

All those years we were in here and the other side was accusing us of political unrest leading to the burning of canes — for years that kind of foolish argument has been going on — the owners in the sugar industry, the people who had a vested interest, never thought of putting pen to paper to try to do a simple analysis and find out what were the probable causes. But an individual, on behalf of Shipping and Trading, just did a simple, scientific analysis of what happened to their plantations, and recognized, quite clearly, that political considerations, or vagrancy, or children — all that was a bunch of foolishness. You have to look at factors that were industry related, and he was able to identify those factors.

The sugar producers then expanded the study. Their eyes had to be opened up by a man, and it was none of his business. His only business was that Shipping and Trading was losing so much money in the sugar sector and he had to justify that to his shareholders year after year. But he had to do that to get them to open their eyes to see that there might be a problem, other than just saying that people who do not own the plantations burn down the canes. Let us put it as broadly as you possibly can in that way.

Portvale is going to seriously affect estate management costs. And another very serious problem against management costs, which you never see reflected in the books, is the widespread tax evasion that takes place in relation to the operation of those plantations. Do not fool yourselves. These are things that we have to face.

There are many people who are afraid to speak on sugar in this Chamber, and although it is against the Rules, Mr. Deputy Speaker, to say things complimentary about anyone in the Chair, in another Parliament I would say, Sir, that you are one of the few people who spoke out firmly on the question of the sugar industry years ago inside here. And if they were listening to you, they would never be in this situation. Please forgive me for that slight breach of the Rules, but I had to say that.

Aside.

Laughter.

(Hon. L. S. CRAIG: He does not know what is going on.)

Dr. R. C. HAYNES: Mr. Deputy Speaker, I do not wish to tread on that area. My Resolution will deal with that, because I have a proposal to put to this country in relation to the sugar industry.

It is my belief that cane has to be seen not only for its final product of sugar and the traditional final products like molasses and rum, but sugar has to be seen as an integral part of the energy policy of this country.

And not only in terms of the contribution to the national grid, which should have been greatly advanced since it started, because both at Portvale, and as I understand it, at Foursquare, a substantial amount of electricity was fed into the national grid this year.

There are many other things that can be done. We need to get into the area of refined sugars — there is an excellent market for refined sugars — and of methane production out of the end products of the sugar industry. And, of course, we need to get into other areas of energy involvement.

Let me just give you a hint; if we had spent \$6 million building a factory to produce alcohol in Barbados, today we could guarantee the primary producers of canes a price of \$95 a tonne. We would not be faced with the purchase of Mobil's assets for \$25 million. We would not be faced with a \$5 million price support, through taxes on gasoline, for Mobil Exploration Limited.

(Hon. L. R. TULL: You are talking so much foolishness!)

Dr. R. C. HAYNES: We would not have spent the thirty-odd million dollars on Portvale. We could not have spent that. In fact, it should never have been spent. We would have an industry that would have a guaranteed future, in that we would know that if we produce the 16 000 tonnes or so required for the domestic market, and we produce enough for the European Economic Community, for the guaranteed market, we would know how we could dispose of the extra bits of sugar through various forms of utilization of the end products from sugar.

All I can say is that I, myself commissioned and paid for a study on the alternate use of sugar in relation to energy. And I am satisfied that based on that study

(Hon. V. L. JOHNSON: How much does it cost?)

Dr. R. C. HAYNES: Never mind how much it cost. It has been done by two experts.

(Hon. L. R. TULL: Do you believe him?)

Dr. R. C. HAYNES: Based on that study, it is important that the sugar producers immediately look into further use of the end product of the sugar cane, and the immediate one that springs to mind is in the area of energy.

I do not wish to get into the area of gasoline at the moment, but I will deal with that in my substantive Resolution. But let me put it this way:

Mr. DEPUTY SPEAKER: The honourable Member should be very careful that he might find himself repeating this argument at a later stage, which would be in breach of the Rules of this Honourable House.

Dr. R. C. HAYNES: Yes, Sir, I would not get into any details, all I would say, ...

Mr. DEPUTY SPEAKER: I am not telling you

Dr. R. C. HAYNES: No, no. No, no.

Mr. DEPUTY SPEAKER: I am not telling you what to do.

Dr. R. C. HAYNES: I take your point.

Mr. DEPUTY SPEAKER: I am just warning the honourable Member

Dr. R. C. HAYNES: I take your point.

Mr. DEPUTY SPEAKER: that you, yourself, have a Resolution before the Honourable House and it is likely that you may find yourself repeating statements made at this time or on another occasion at a later date, which, obviously, would be in breach of the Rules of the Honourable House.

Dr. R. C. HAYNES: I take your point, Sir. I quite agree with you.

I would just make a blanket statement, unsupported by factual data at the moment, that those responsible for the sugar industry think very seriously of moving directly into the production of alcohol for use as gasoline in Barbados, which, of course, would give a higher octane gasoline than the one we have. In Barbados at the moment, we use gasoline mixed with water. What we would be using then is gasoline mixed with alcohol, 95 per cent pure alcohol under those circumstances, Sir.

I regret that the honourable Minister of Agriculture (Hon. Dr. R. L. Cheltenham) is not here in his place and I regret that the Minister of Finance (Rt. Hon. J. M. G. M. Adams) is not here in his place, because they have sat down and presided over major breaches of price support mechanisms that took place this year.

Were all the factories in Barbados ready at the beginning of the crop? That is one of the conditions of the other domestic part of the loan that was raised in Barbados. The answer is, "No". Why not? Who has paid the penalty? I will tell you who has paid the penalty. The small people.

If the honourable Member, the Minister for Transport (Hon. V. L. Johnson), a small farmer, has to send his

canes to Foursquare, and get \$50, Sir, what is going to happen to him? He must end up broke. He would have to take his own salary to subsidize the plantation.

(Hon. V. L. JOHNSON: Where do you send yours?)

Dr. R. C. HAYNES: That is the importance of transport and making sure that those factories start on time.

There has been persistent lying in this country that the delay in beginning the harvesting of canes was due to the Barbados Workers' Union and the workers. In no year, Mr. Deputy Speaker, whether there was a dispute or no dispute, when the workers were ready to go and cut canes were all the factories in Barbados ready. It has not happened in the past ten years. So it is absolutely untruthful to blame the workers and the Barbados Workers' Union for holding up the crop. That has always been untrue. It was not so this year, it was not so in 1982, and it was specifically not so in 1981.

1.25 p.m.

In 1981, I recall very well that the honourable Prime Minister went to Venezuela to deal with a matter under the Venezuelan Oil Facility, and when he came back to Barbados that dispute was settled sometime in February. But after the dispute was settled, the crop stood still for about two weeks because the factories were not ready.

Aside.

Dr. R. C. HAYNES: I am talking about cane reaping. I am not talking about factory workers. The factory workers are in a different operation. You do not understand the sugar industry.

The question of preparation of factories will start right now, as you know, Sir, and that work will continue right through to the beginning of crop. If there is a dispute, it does not stop the factory workers from working at the old rates, unless they go on strike. The factories are never ready, and the factory preparation is an all-year-round matter. Anyone who has worked as a chemist in a factory knows that.

Some people seem to believe that when the factory stops grinding, they just sit down there and two weeks before the work begins, they start up as if they were motor cars. When the factories are closed they start working towards the targets for next year. They have one of the best cranes in Barbados down there at Porters. Is that correct? It is my understanding that they have not been able to move that crane for two years, and there are many places which have cranes which cannot effectively handle the canes that come in.

How much more are we going to be asked to pay this year? We have seen a statement appear.

Asides

Certain remarks made at this stage by the honourable Member for St. Michael South Central were ordered to be expunged from the Record by the Deputy Speaker.

Dr. R. C. HAYNES: Mr. Deputy Speaker, if I may continue. The next question I want to ask is whether or not, in relation to the price support mechanism — I see the sum of \$20 million being bandied around — steps are going to be taken to ensure that that money finds itself into the hands of the small cane producers. There is no point of having Portvale if you cannot produce canes, and I am saying that you cannot get that 15 000 tonnes from small producers at the price which canes are fetching at the moment.

This Government has misled this country in the years 1977, 1978 and 1979. They even fooled me into believing that there was a tremendous upturn in the sugar industry. They even fooled me! It was only after looking through the statistics of the Central Bank that you recognised that there has been a gradual reduction in production, except for the spurt in 1980. In 1981, '82 and '83, they have been down to the lowest levels that we can think about.

What further price shall we pay? We have paid \$24 million in 1981. We paid \$32 million in 1982. We are now being asked for \$20 million, plus the increase for the price of sugar. Yet, in those three years we have not seen a production of sugar in excess of 90 000 tonnes.

How much more are you going to ask of the taxpayers? Is it not clear to you? Is it not crystal clear to everyone that something is wrong? Do you not recognise that there is a need for a policy re-evaluation in relation to sugar? Do you not realise that it is not just satisfactory to say that for economic reasons, for the maintenance of employment of some 4 000 to 5 000 people, you can just continue to throw the money down the drain?

What I am saying is that we can have a secure sugar industry if there is a better policy arrangement. This Government has a duty to inquire into what has happened at Portvale Factory and to establish some major liability in relation to that specific programme, so that in the end, if profits begin to flow through the sugar industry again, then those responsible for those decisions will have to bear the losses carried forward from that exercise, and so that the totality of losses should not be borne by the workers.

Another factor which we have to bear in mind is that, under the new Sugar Bill, losses are no longer

calculated from year to year. I hope honourable Members know that, and that one of the major operating cost factors in the sugar industry, when you come to doing your accounts and determining your profitability, would be depreciation of assets used in the sugar industry. That is simple and straightforward arithmetic.

So if you have a \$37 million investment, like Portvale, and even if you assume that that will be depreciated over a fifteen or twenty-year period, you will see that already \$2 million will be knocked off the top by depreciation alone, apart from all the running cost and so on. But the workers would have gone through three lean years, and if in 1986 or '87 we got a bumper price with a bumper crop — let us say that is going to happen — do you realise that the accumulated losses in the sugar industry, losses accentuated by building a factory that has functioned at less than 30 per cent of its capacity over a two-year period, would automatically wipe out about \$10 million to \$15 million for the workers? Automatically!

Imagine a \$37 million investment that should work efficiently by producing 25 000 tonnes of sugar, and in the first year it only produced 3 000 tonnes; in the following year, 10 000 to 11 000 tonnes or somewhere in that region. The cost of production relates to the capital cost. Those loans are carried forward as part of the totality of the manufacturing cost that would go forward into future years. So if in a year you got \$50 million extra and X amount would normally go to the workers and the cane farmers, they cannot get it.

The point I am trying to make is that capital investments of this kind have to be properly thought out. They have to be properly planned. They have to relate to actual and projected demand.

That is another problem, Sir. They went ahead, because they had the money available to them from the Barbados National Bank, in a situation in 1981 when they knew, as early as March of that year, that the crop would be a poor crop. They knew that and they knew that the succeeding crop would be poor, because it is their own statistics, which they give you, which says that if you have X amount of burnt canes and X amount of rain during the crop, you would get a shortfall the following year by so and so. So they knew that in a two year period you would have a shortfall in cane production, and therefore sugar production, in Barbados.

But the money was there to be taken, cheap money from the Barbados National Bank, money unsupervised at the level at which it was disbursed. So they made full use of it and, finally, now they tell the Government: 'If you want sugar, you put up the money, but we remain

in place.' Even to get them to accept a Financial Controller has been a major problem. I know that.
1.35 p.m.

At present, as I said earlier, I am calling on those responsible for heading the sugar industry in Barbados to stop the petty squabbling as to who is gaining status in the new arrangement that is taking place and recognise that they are handling millions of dollars that belong to the taxpayers, which should never have been placed in their hands at all.

I am all for a revitalised sugar industry, Mr. Deputy Speaker, but social justice would suggest to me that any time taxpayers' money is put on the line, it is absolutely essential that there should be controls and that we should make sure that benefits flow back to the people of Barbados in relation to the inputs that they place in there.

Barbados Sugar Factories Limited is in no position to guarantee anything. This loan is a straightforward Government guarantee. Government has to guarantee it because the sugar industry is in no position to attract a loan. Just as with the loan raised on the domestic market, Government has not only to guarantee it, but Government will have to repay it. At the moment, you have to pay the difference in the interest. I believe some of the money borrowed in relation to Portvale was at 12 or 13 per cent, and that money cannot be lent to the sugar industry at 13 per cent, so you already have to pay the difference in interest between the two.

It is important that the sugar industry look very carefully at the manufacturing overheads. We do not want to hear anything about manufacturing costs going up. If that happens, then those costs have to be absorbed elsewhere. They cannot be passed on to the workers in terms of wage suppression, and they cannot be passed on to the plantations and to the small cane farmers in Barbados.

I have tried, Mr. Deputy Speaker, in this brief presentation, to give some overall concept of the kinds of problems facing the sugar industry consequential on one bad investment. It is so bad that I cannot believe that any experts were consulted in that matter. In fact, I know they were not consulted.

Mr. DEPUTY SPEAKER: The honourable Member is repeating himself over and over again. I have tolerated it for a long time because I did not want the honourable Member to think I was interrupting him in his presentation. You have repeated yourself so many times!

Dr. R. C. HAYNES: On what, Sir?

Mr. DEPUTY SPEAKER: You are just repeating yourself over and over again on several of the points you have raised.

Dr. R. C. HAYNES: Mr. Deputy Speaker, I was just summing up to make the point and to demonstrate how one bad capital investment can virtually ruin an industry in current and in future terms. I have just done a brief summary of what I have said, and I will finally once again call on the Government to make an official enquiry into the building of Portvale Factory.

Hon. L. R. TULL (St. George South): Mr. Deputy Speaker, the honourable Member for St. Michael South Central (Dr. R. C. Haynes) has taken the House on yet another occasion through a speech that he had made on so many occasions in this Honourable Chamber, that any time that he is absent and he wants it made, I can make it for him. We have heard that speech over and over and over again, and what does it represent, Sir? It represents a very brutal onslaught on the managers of the sugar industry in Barbados — never mind that the honourable Member seeks to slip in through the back door certain attacks on the Government.

All he has been saying is that for many years the management of the sugar industry in Barbados has displayed a level of inefficiency that has brought the country into a pretty precarious position in respect of sugar. He could have said that, and he could have made the speech supporting his point, without speaking for an hour and dragging out this debate into the labyrinthine intricacies that make very little sense in terms of the overall content of this Resolution.

Mr. Deputy Speaker, one listening to the honourable Member for St. Michael South Central would believe that the taxpayers were taking up money and giving it to the sugar industry. Anybody who was listening to him for the last hour and was not acquainted with what was going on would feel that that is what has happened. We heard about the Government giving this money, that they would never be able to repay it, and the Government will be the one to pay all kinds of things.

This is a guarantee by the Government of a loan contracted between the sugar industry and the bank. One of the criticisms made very early in the presentation of the honourable Member was a criticism of the Government and its management of the business it brings before Parliament. There was one Resolution on this matter last year, and the Resolution at that time dealt with the raising of a loan for capital development of Portvale factory and other factories in Barbados, principally Andrews factory. What has happened since then is that by a confluence of factors, the industry has not been able to meet some of the terms in the contract.

The honourable Member would blame the Government for an act of God. If the rains pour and you cannot reap the canes, and because you cannot reap the canes the ratoons are destroyed so that the next crop is destroyed or limited, the honourable Member would blame the Government for that. We must now control the heavens and not allow the rain to pour, because that was one of the factors that made it impossible for the sugar industry to meet the terms of the loan.

The honourable Member would have us believe that labour problems never had anything to do with the delay in starting the crop, and he had the remarkable gall to get in here and say that for ten years the crop has never started late because the workers were not in place. Only last year the unions were locked in negotiations with the sugar industry well past the time when the crop was supposed to start.

Dr. R. C. HAYNES (St. Michael South Central): On a point of order, Sir: There is a rule in this House that a Member should not misrepresent other Members. What I said was that there was no time when negotiations were completed, whether there was a dispute or not, that the factories were ready. That is a completely different thing altogether. That is what I said.

Mr. DEPUTY SPEAKER: That is not a point of order. That may be a point of explanation.

Hon. L. R. TULL: It is not even a point of truth, Sir, because he made two points. I well understand the honourable Member. He has the gross incapacity to stick to anything he says for more than a few minutes. The honourable Member said in here today that in the last ten years the crop has never started late because the workers were not in place. Then he went on and said that even when the workers were ready after the settlement of a dispute, the factories were not ready to start.

1.45 p.m.

He made two points, Sir, and with the second point in relation to the factories, he showed gross ignorance of what is happening in the industry, because the very workers who were on strike, the engineers and the people who get the factories ready for the processing of the canes, are the strongest members of the Barbados Workers' Union. They were the ones out on strike.

If the honourable Member does not know, let me take him up to St. George where they grow most of the canes. Let me take him up to the very parish that chased him out — the parish where he was born and they ran him out! — and he will understand that you need almost ten days before you can go in and burn the bagasse and get the factory ready for processing canes. It is too stupid and supine to make that kind of comment in here to score foolish points.

The honourable Member makes points for and against the same cause. He said: "I am for the ecological argument. The experts have looked at the soil in Barbados and said that the soil is most suitable for the growing of sugar cane, so I am for that." He went on and said: "I am for keeping jobs. Over 8 500 sugar workers in the country need to have work to do. I do not want to chase them away. I do not know if he believes that, but he said that. I do not believe that he believes that, but he said it. He also said that the foreign currency component of the sugar industry is vital to this country; we need it.

He is making all the arguments for support of the sugar industry — to keep jobs, the ecological problem, that either you plant canes or you grow grass since the soil of Barbados is not too well suited at the economic level for anything other than sugar cane, and lastly, the vital foreign currency that we need in this country. So he is all for it. But instead of the honourable Member handling these points and coming out with some constructive contribution in the debate to see how, in the light of those facts, we in this country can push the cause of sugar to the overall benefit of this country, he rambles far and wide making a lot of supine statements and a lot of facile criticisms against the industry.

The honourable Member said that you can import sugar more cheaply into Barbados than you can produce it. That is true of almost anything we produce in Barbados. It is true of all the clothes. All the things we produce in Barbados we can literally import for less. So what does that mean?

Is the honourable Member now coming up with a new industrial policy that anything we can import cheaper than we can produce, we should import? Is that what the honourable Member is advocating? Is that what the honourable Member wants to do with the thousands of people up in St. George who work for the industry? Put them out of work?

I did not intend to get into this debate, because I do not deal with financial guarantees, but I really got so overcome by the contribution of the honourable Member that I had a duty to get up. He said there was no Tenders Committee for the construction of Portvale. The honourable Member for St. John (Rt. Hon. E. W. Barrow) always advises them not to exercise themselves in matters that are too high for them. I want to know what part of the Laws of Barbados, or Financial Rules, require a private company to put something out to tender. He said it was criminal. If he can tell me where the law requires that, I am going to sit down and listen, because unlike him, I do not know everything, and I would like to learn. He makes this pompous statement as if he knows what he is talking about, and I would like to know what part of the law requires it.

He said that there was no effective study of transportation in the industry. I always laugh at these things, because Barbados is a small island, 166 square miles, they tell me, and it is easy to import big country concepts into a little island. He went on to say that the reason why they had a problem with transportation — if there is one, Sir, because I do not accept there is any — was because Andrews was not operating. What kind of argument are you adducing to us in a debate of this importance?

Obviously, if for mechanical or other reasons one factory has not been operating, you shift the canes to another, what is the problem? And this has not been happening just in 1982 and 1983. It has been happening for 300 years, that when one factory has a problem, you have to divide the canes between other factories. That is all the argument that he has given, Sir.

He went on and he said that he had paid for a study on the alternate use of energy. I do not believe that. I do not really believe that.

Dr. R. C. HAYNES: On a point of order.

Mr. DEPUTY SPEAKER: Can I hear the honourable Member for St. Michael South Central.

Dr. R. C. HAYNES: I said that I had paid for a study of the use of sugar in relation to energy as an additional use of the final product of the sugar cane.

Hon. L. R. TULL: Mr. Deputy Speaker, I do not understand the difference. I am saying that he said he paid for a study on the alternate use of sugar. He is saying: 'I did not say that. What I am saying is that I paid for a study on sugar as an alternate use of energy'. Alright. But I was talking about sugar all the time, so I do not know what he thinks I am talking about.

Aside.

Hon. L. R. TULL: The honourable Member for St. Philip South (Mr. H. A. Blackman), I do not know what is wrong with him, Sir.

Asides.

Hon. L. R. TULL: The honourable Member for St. Michael South Central asks me why I do not stop lying. I want to put that on the Record. No, I will withdraw it. The honourable Member, if he had paid for any study of sugar as an alternative source of energy, would have realized, if it was a reputable study, that the cost of sugar as a source of energy is high. The cost is prohibitively high in relation to the output of Barbados.

He gets his studies, Sir. The place where the research is done is in Brazil. The honourable Member gets

in here and he thinks people forget. In a previous debate on this point, he admitted that it was not economically feasible to use sugar as a source of energy. He said that in here already.

Dr. R. C. HAYNES (St. Michael South Central): On a point of order, Sir: That remark was qualified by saying that the Consumption Tax would have to be removed. It is not a question of intrinsic economic possibility; it is a question of foregoing Consumption Taxes. The honourable Deputy Prime Minister (Hon. H. B. St. John) agrees with me on that. He is the energy man and he knows that perfectly well.

(Certain remarks made at this stage by the honourable Member for St. Michael South Central were ordered expunged from the Record by Mr. Deputy Speaker.)

Hon. L. R. TULL: The honourable Member gets up all the time, interrupts me on points of order, and then agrees with me! The honourable Member got on that side of the House in a similar debate and said that it was not economically feasible to use sugar as a base for energy. I sympathise with him. We could have told him that, because he would not have had to pay for any study. We could have made the studies which the Government had available to him.

1.55 p.m.

The main explanation he can put up now, on a point of order, is that he related it to Consumption Tax and the intrinsic worth. Intrinsic or extrinsic, that is what he said in here.

Asides.

Hon. L. R. TULL: You just got up and admitted that! Everybody heard you get up and admit that!

The honourable Member went on. He said that the Government would do nothing to control the industry. That is one side of his mouth. On the other side of his mouth, he applauds the Government for putting a Financial Controller in place, and telling the sugar industry, 'Now you guys will have to take some direction from us now. We do not like how things are going, and we are putting a Financial Controller in place.' He applauds the Government for that, but on the other hand is saying that the Government is doing nothing about the runaway practices of the sugar industry.

The honourable Member made a point about the factory at St. Thomas, Vacluse. He talked about Vacluse and the one in Holetown, Porters, and the honourable Member said that these two factories were vandalised. Either the honourable Member does not understand the meaning of English words, or he is talking foolishness, because he should well know.....

(A VOICE: He means cannibalised.)

Hon. L. R. TULL: He does not know the meaning of cannibalised. The honourable Member does not know that the machinery from the factories at Vacluse and Porters was carefully taken from those factories and installed at Portvale and other factories, and he said that some was sold overseas when you did not need them; so that was money coming in.

The honourable Member tells us that these factories were vandalised? This honourable Member cannot handle the truth even if it is lying down next to him. He does not know how to handle the truth. He cannot see it if it is staring him in the face.

He went on to say that there are five points that militate against the good sense in constructing the Portvale Factory. He said transportation. I have dealt with that already. Noise pollution. If the honourable Member was trying to follow what happens in this country instead of sitting down and planning all kinds of devious things to confuse people with all the time, he would know that the question of noise has been abated at the Portvale Factory.

(Dr. R. C. HAYNES: At what price?)

Hon. L. R. TULL: Now he wants to know at what price. One moment there was merely noise, and now he hears that the noise has finished, he wants to know at what price. How do you deal with somebody like him, Mr. Deputy Speaker?

He also said that there was the question of the access road. Now if you are building a factory of the size and magnitude of Portvale, what is the problem in building a proper, strong access road that would take the constant weight of heavily laden cane vehicles day in and day out? Do you mean that is a serious criticism, to say if you build a factory you should not build a proper access road?

I see that they are building a new cement plant in St. Lucy and they have to build miles of access road, because there will be a number of heavy-duty vehicles laden with cement travelling up and down day after day, and it is only sensible for anybody to understand that you would have to build the type of road that can carry that weight. But that is a criticism of the honourable Member.

He quarrels about the water. He says that you have to get the pipe-borne water to run the factory, and that is the criticism. He does not say that by using the pipe-borne water, people in their households do not get running water as often as they should. He did not say that. If he had said that, that might be a matter for

consideration. But what is the quarrel if the water is there?

The honourable Member goes on and raises the question of pollution. I remember not long ago, when the Democratic Labour Party was the Government of Barbados, that during most of the crop season I could not open any window in my house, and not only as a result of the ash from fires. They started burning the canes in Barbados even though they were advised not to do it, and we are paying the price today. What do you say? You sow the wind and you reap the whirlwind? They sowed the wind and we reaped the whirlwind.

When they were the Government I could not open my windows during the crop, because they had the factory up there in St. John, Uplands Factory, where they were playing around with some experiment. Then we found the ash on everything we had in the house. Even when you closed the windows, it found a way of coming through on your furniture, your bed, your food — everything.

We did not get up and say that the Government was stupid to try to use the bagasse up at Uplands to see if they could build a new and cheaper building board. We were sufficiently interested in that experiment because it would mean a lower cost of housing for a number of people in the country. We felt that you had to pay a price for progress, and if there was need for the experiment to see whether you could convert this thing into building board, we had to accept that. We did not walk around saying that the Government was wicked and evil and all that because it caused temporary discomfort to some people in the community.

I want to deal with the whole question of the Barbados National Bank and these loans. The honourable Member again wants it to be known in the sugar industry that they are debtors to the Barbados National Bank like any other debtor, and that if they do not pay up, the bank owns their property. Eureka, a fantastic new revelation, as if the whole of Barbados, does not know that if you borrow money from the bank and you do not pay, the bank can levy on what you have got! He thinks it is an important point, something that nobody else thought of!

(He is always running. I do not know why he needs to run. He gets up and makes his irresponsible statements and as soon as you try to put him in his place, he runs.)

Everybody except the honourable Member knew that before today, because he only found it out today that the money owed to the Barbados National Bank is the Barbados National Bank's money, and that there are all kinds of legal remedies available in this country, and

are exercised every single working day in the law courts of this country, to get back your money. So that is no big revelation.

I want also to stress the importance of sugar to the economy. Phase 1 was to answer the honourable Member. Phase 2 is to leave him for the time being and to deal with the importance of sugar in this community. For over three hundred years, Sir, sugar has been the salvation of this country, and it has had its impact on the lives of every single person in this country for those three hundred years. Whether you live in the country or not — and the honourable Member should be a cane cutter, because he cut a fairly wide swath in here today; he swept far and wide and would do the cane fields justice — every single person who lived in this country during that period benefitted from the importance of sugar in our economy.

When we had a fledgling tourist industry, a non-existent light manufacturing industry, and before we had all these offshore industries that we have now, we relied almost exclusively on the returns of sugar to keep this country afloat and to improve the quality of life of every citizen of this country. That situation has not changed markedly — not by a long shot. It is not only because we get \$90 million a year from it even in bad times, but as the honourable Member himself said today, it is a local industry requiring hardly any funds to flow out other than for capital development.

2.05 p.m.

It is a local industry, therefore the funds are always in Barbados. Unlike the tourist industry, unlike the offshore or enclave industries where vast sums of the profits made out of those businesses flow back to the United States and Canada, because the owners live in the United States and Canada, the sugar industry is an indigenous and locally-owned industry. That is one of the most important aspects of the industry and that underlines its importance to this country.

Not only that, Sir. We have built up, in our community, a way of life that is fairly reflected in the three hundred years of the industry. And I am not talking about the pejorative elements of it, I am not talking about the neo-feudal, colonial and slave aspects of the sugar industry.

God knows that a lot of that still remains. And it remains because, Sir, if you are going to put up street lights, you put them in St. Michael; and if you are going to fix roads, you fix them in Christ Church, St. Michael and these places. The last people who are going to get some of the benefits of all these things are the people up in the country, still slaving like animals in those fields with the

brutal sun burning the skin off their backs, with the women carrying mounds of sugar on their heads.

And whenever they finish and do all that as a major sacrifice for the progress of this country, they have to walk through the worst roads in Barbados to get home. And if they are going home after dark, they are kicking off all their toes, stumping their toes; because not only are the roads bad, but they would not even put up any lights so that the people can see where they are going.

A lot of them, under the regime of the Democratic Labour Party, right across this country did not have any running water in their homes. So when the Democratic Labour Party encouraged the people to burn the canes and they had the women and men in the country, all up in my constituency — God Bless them, Sir, they are the best people in the world — when those people worked with those burnt canes and went home looking black as a tar baby, they did not even have running water in their homes so that they could take a bath.

So I am not dealing with the pejorative aspects of sugar. God knows how much it grieves me when I see it going on all the time. I am talking about other aspects of it, Sir.

We, Mr. Deputy Speaker, introduced legislation in this Parliament two years ago, or whenever it was, to finally bring the pride of ownership of the land to the people who slaved on the land for three hundred years, to give them a chance to own a house spot and to go into their yard and say, "This is mine." The Democratic Labour Party voted against it.

I want them to come up in Drax Hall; I want them to come up in Bulkeley Tenantry; I want them to come up in Jordans; I want them to come up to any part of the constituency which I have the honour to represent and explain to the people how they voted against their owning a house spot for next to nothing, in a measure put forward by the Government. I will make sure that when they come up there I will stay far from St. George, so that whatever happens, they would not say I started it.

But not only did we introduce legislation to give the people the opportunity to own the house spot on which they live, we lend them the money to buy the land. We tell them that the lawyers in Bridgetown charge them too much money for the conveyance, so we will do the conveyancing for hardly any money. Do not go to those lawyers. They are going to sit down on it for two and three years and charge an arm and a leg, and we do not want that. So we will provide the little bit of money that is required.

In addition to that, after we came back and said, "that was to give you the house spot, that is yours now,

you are lord of all you survey," we also said that the piece of agricultural land out in the back, where you are growing the tomatoes and the canes and the cabbage, the piece that belongs to the plantation, they have to give you that too; you have got the right to buy that, too. We say that they have a right to buy the agricultural land out in the back — the acre, the acre and a half, the quarter of an acre and the two acres. And they have the nerve to come in here and preach to us about agriculture and the sugar workers!

Mr. DEPUTY SPEAKER: I am afraid.....

Hon. L. R. TULL: The Barbados Labour Party.....

Mr. DEPUTY SPEAKER: I am afraid the honourable Member has just one more minute to conclude his speech.

Hon. L. R. TULL: Is that all, Sir?

Mr. DEPUTY SPEAKER: That is all today.

Hon. L. R. TULL: Just quickly, Mr. Deputy Speaker. The Barbados Labour Party has the proud record of organizing the sugar workers in this country in the days when they were brutally oppressed by the land-owning class, the same ones that the honourable Member paraded against in here today. We organized the workers, fought for them and brought some dignity and respect to the sugar workers in this country.

We on this side feel nauseous that the honourable Members on that side could have the nerve to get up in here and seek to chastise a party with that kind of record, with the kind of mouthings we have heard from the honourable Member for St. Michael South Central today, Sir.

Applause.

SUSPENSION OF SITTING

Hon. L. S. CRAIG: Sir, it is 2.15 p.m. and I beg to move that this sitting be now suspended for lunch until 3.15 p.m.

Hon. V. L. JOHNSON: I beg to second that.

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

RESUMPTION

Mr. DEPUTY SPEAKER: This sitting is now resumed.

RESOLUTION TO CANCEL RESOLUTION
NO. 64 of 1982 CONT'D

Hon. L. S. CRAIG: Mr. Deputy Speaker, I beg to move that this Resolution do now pass.

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

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

THE BORROWING BY GOVERNMENT OF THE SUM
OF U.S. \$10.5 MILLION FROM THE INTERNA-
TIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT (IBRD)

Order No. 2 was called – To move the passing of the Resolution to approve the borrowing by the Government of the sum of U.S. \$10.5 million from the International Bank for Reconstruction and Development (IBRD) for the purpose of assisting in financing the Industrial Credit Fund (ICF) to be managed by the Central Bank of Barbados.

Hon. L. S. CRAIG (St. James North): Mr. Deputy Speaker, this Resolution is one which sets out to guarantee a sum of money, US \$10.5 million, from the International Bank for Reconstruction and Development (IBRD). This World Bank loan is to assist in the financing of the establishment of the Industrial Credit Fund. The purpose of this fund is primarily to encourage the local banks to open up their hands and to make it possible to have medium and long term lending to the manufacturing sector.

The objectives, as I see Mr. Deputy Speaker, are primarily to assist manufacturers, the activities in agro-industry, fisheries and tourism. It is primarily a loan to assist the Government in its policy of developing those industries. It will also be a permanent fund, which will be operated under the auspices of the Central Bank.

The maximum maturity of the loan will be 15 years, including the grace period of up to three years, the grace period being dependent on the capacity to repay and other characteristics of the particular project.

I have no doubt that this would encourage more manufacturing into the country and alleviate some of the un-employment problems we have, which is a part of the problems in the entire world today.

I beg to move that this Resolution do now pass.

Mr. L. L. SISNETT: I beg to second that.

Dr. R. C. HAYNES (St. Michael South Central): Mr. Deputy Speaker, once again, despite the enormous debt

facing this country, we find ourselves borrowing U.S. \$10.5 million, the equivalent of Bds. \$21 million, for the purpose of assisting in financing the establishment of an Industrial Credit Fund.

Over the years, we in this country have established several fiscal incentives for the purpose of developing the manufacturing sector of Barbados. Under the Democratic Labour Party there was a very rapid industrialisation in this country, with considerable employment creation, with job security, for those persons involved in the manufacturing sector. At the same time, we were able to protect the worker in the industrial sector by ensuring that their rights to unionisation were properly protected, and we always took a firm stand to ensure that anyone entering into this country clearly understood the laws in relation to unionisation in Barbados. At the other end of the scale, apart from the incentives which induced people to come into Barbados, several schemes have been introduced in Barbados from time to time to assist the manufacturing sector in dealing with the question of marketing their products and so on.

We need not refer today to the current catastrophe which faces us as a consequence of our negligence to monitor the credit facilities within CARICOM. But there are one or two aspects of this particular loan which worry me. This is yet another loan which we will have to start repaying in 1986, and there have been many loans, large sums of money borrowed by this country, with a grace period, and we note very carefully that the time of repayments start around 1986. In other words, the debts are being committed by this Administration, but they are making sure that they will not be faced with the problems of repayment.

The second point I wish to make is that we have had at least one World Bank loan, that I am aware of, since I have come in here to the industrial sector. The terms and conditions of these loans are such that they decisively influence prices, and in many instances, they do not achieve the objective which they seek.

The last loan which I referred to dealt with the levels of rentals in respect to factory space and so on, and at the price quoted within the agreement with the World Bank, it is quite clear that no small manufacturer would be in a position to pay those kinds of rents to conform with the conditions of the loan.

What normally comes before this House in relation to these loans just represents a very brief summary. The Minister has not graced us by giving any detailed account of how this loan will be used, how it will be entered into, how it will be used in conjunction with existing loans that exist for this particular purpose.

We have found ourselves in a position where we have approved guarantees in this House without knowing

the details, and perhaps the worst example was a World Bank guarantee which this House was asked to agree to without knowing the financial covenants, which formed an integral part of that guarantee, and which were not brought before this House.

Mr. DEPUTY SPEAKER: Please I hope the honourable Member is not now commenting on a matter which has passed this House in this session. It certainly would be a reflection.....

Dr. R. C. HAYNES: No, Sir, not in this session.

That is the kind of problem that you have when you are dealing with this kind of guarantee. Will we be in a position, when we have borrowed this money, to ensure that the commercial banks co-operate with the Central Bank to a greater extent than the level of co-operation which we have seen in relation to other schemes?

There are other export incentive schemes in place in Barbados, and one of the big problems you have is that either the manufacturers find that there are so many difficulties in getting access to the schemes that they do not bother with them, or that the commercial banks find that they would prefer not to get involved in the exercise at all.

When this loan was being negotiated last October or November, at that time it was considered by the World Bank to be a structural adjustment loan. I wish to make it clear that these kinds of loans by the World Bank, so long as you are in an IMF programme, represent the medium and longer term component of that lending institution in respect of reinforcing the policies relating to the IMF agreement; that is, if you have a Stand-by Agreement. That was the position then, and I myself do not think the position has changed, that this is essentially a structural adjustment loan that is targeting into certain areas.

I say that for this reason. We have heard certain statements by the Leader of the House, who, again, is not fully *au fait* with the Resolution which he is introducing. The World Bank put out a release in relation to this loan, a copy of which I have here in my hand, entitled, "Barbados To Use IBRD Loan to Expand Exports". It said that Barbados would promote the expansion of industry and tourism.....

Mr. DEPUTY SPEAKER: From what is the honourable Member quoting?

Dr. R. C. HAYNES: I am not reading directly. I am quoting from a World Bank release.

Mr. DEPUTY SPEAKER: The honourable Member knows fully well the methods of quoting documents from this Chamber. The honourable Member cannot use

documents to quote in part without bringing it to the attention of the Chamber.

Dr. R. C. HAYNES: There is no problem, Sir. It is a public document. It says: 'For immediate release' — World Bank: 118 H Street, New York, Washington D.C., 20043, U.S.A., Telephone Number — 202-477-1234. Bank News Release 1983/84, April 14, 1983, contact Cero Gomera, Telephone Number, 202-477-5320. Entitlement: "Barbados To Use IBRD Loan to Expand Exports".
3.30 p.m.

It says :

"Barbados will promote the expansion of industrial and tourism sectors with the assistance of a loan of \$10.5 million from the International Bank for Reconstruction and Development.

"Industrial firms and tourism enterprises will be able to borrow from commercial banks, which in turn will borrow from the newly-established Industrial Credit Fund, which will be provided with investment funds from the loan.

"The funds will be available for financing construction, renovations and purchase of machinery, cargo vehicles, as well as working capital, pre-investment studies and technical assistance. By providing term financing for the purchase and installation of energy-saving devices and processes, the Government's Energy Conservation Programme will be supported.

The first IBRD loan supporting the industrial sector in Barbados was for the Industrial Development and Export Promotion project. With the support of the \$10 million loan approved in 1980, the Barbados Development Bank has financed 23 subprojects, while the Industrial Development Corporation expects to continue its programme of financing the construction of factory shells for potential investors.

The IBRD loan is for 15 years, including three years of grace, at an annual rate linked to the cost of the bank's borrowings. The loan also carries an annual commitment charge of 0.75% on undisbursed balances and a fronting fee of 0.25% on the amount of the loan."

Now, quite clearly, Sir, this release by the World Bank puts the matter clearly in the area of a structural adjustment loan. It reinforces the point which I made in respect of the 1980 loan, I have forgotten the time, where we found ourselves in the position, having borrowed money for construction purposes, of finding that the rentals we would have had to charge, particularly in relation to factories, that were designated for the north — many of which have not been built — were too high. But the money presumably has gone into the balance of payments arrange-

ments and has formed part of that structural arrangement programme.

This, in my judgment, falls within that kind of generality, whereby you are entering into loan structures that will decisively influence your pricing and your entire attitude towards industrial development in Barbados.

I have always found it quite extraordinary that the World Bank, when it makes loans to the industrial sector, is always concerned about competitiveness and prices, but it is concerned about no other input in relation to eventual prices for your finished product, rather than the cost of labour. And if we continue to find ourselves involved with the World Bank in these structural adjustment loans in terms of the industrial sector, we will continue in Barbados to weaken the process of unionisation and ensure that the workers in this country continue to work for minimum wages in the industrial sector with no prospect of growth, and indeed that productivity within the sector will continue to decline.

These loans have specific arrangements and I am very clear in my own mind about the position taken by the World Bank in respect of wages in Barbados, where they are concerned about non-wage costs rising. They are not concerned about the cost of electricity rising, they are not concerned about the cost of gas, they are not concerned about any other cost apart from the cost of wages. So when you get this kind of heavy involvement in lending from the World Bank, this represents a completely distinct departure from the line which this country has taken all along, where it entered into the area of fiscal incentives in order to generate industrial activity without compromising either its integrity or its sovereignty in the determination of domestic policy.

This news release, Sir, leaves no doubt in my mind whatsoever that we are dealing here with a structural adjustment loan. I happen to know that the Central Bank has been shopping around for about four months now to find someone to manage this particular structural adjustment loan for Barbados. I happen to know that. In fact, I have said that on the Floor of this House before. I recall saying it at a time when we were asked to approve a \$7.5 million loan for the assistance in non-sugar agriculture. It was flatly denied that any such negotiations were being entered into, but I knew what was taking place.

Therefore, the kind of cosmetic presentation we heard here today does not deal with the fundamental fact that this is a structural adjustment loan, it is a balance of payments support loan, and unless the mechanisms in Barbados work through the commercial banks better than they have worked before, nothing will be done. I am sure that the honourable Member for St. Michael West (Mr. B. M. Taitt) will be able to deal with that particular section. He would know the kind of problems the Democratic Labour Party encountered when it set up various rediscount

schemes in order to assist the manufacturing sector in Barbados and found it very difficult to get the co-operation of the commercial banks.

Another aspect I do not like, and we were not told, is this question of this front-end commitment fee. We are borrowing too much money with these floating, front-end commitment fees. The other part I do not like is that section that deals with the question of pre-investment studies.

One of the problems you find with these kinds of loans is that none of these things have been explained in this House. We do not know what portion of this money will be involved in pre-investment studies, we do not know who are the persons who are going to be involved in those studies. Are Barbadians going to be involved in those studies? Or is this going to be the usual kind of arrangement, that when you have had a loan from these kinds of institutions, you probably find that one or two million dollars flow back for studies to the institutions? None of these things has been told to us, so we find ourselves in a very difficult position.

I have certainly given a lot of thought to this question when guarantees come to this House, that it is absolutely essential that the person introducing the Resolution, give a detailed presentation, or that alternately in the Addendum to the Resolution, enough detail is set out to make it absolutely clear what we are being asked to vote for.

I found myself in a very embarrassing position not so long ago where a barrister was able to shout across the table and tell me: "You voted for it, what are you quarrelling about now?" I knew nothing of what he was talking about, I had no idea. I had no idea about what was involved behind the piece of paper that came inside here for a guarantee.

3.40 p.m.

The honourable Member did not tell us that the tourist sector would be involved in this. He said not a word about tourism. Is this a time for the expansion of the hotel plant in Barbados? Is this a time to do that — when the credit to the tourist industry has risen so dramatically, when occupancy rates have fallen? Is this the time to get into a loan for the purpose of expanding tourism in Barbados?

If I did not see this World Bank release, I would not have known that. I probably would not have got up to speak at all. I simply would have stated that this is to help the manufacturing sector, which is crippled by the incompetence of the honourable Prime Minister (Rt. Hon. J. M. G. M. Adams) and the honourable Deputy Prime Minister (Hon. H. B. St. John). Anything that would help them now would probably be of some value, but I would submit to you that I do not think the tourism sector in Barbados needs any hard currency loan from the World Bank at the moment.

We have already had one tourist project loan from the World Bank, and we have a major problem with Heywoods

up there. Now, we are now entering into an arrangement whereby you are now talking about tourism.

The first time I started to smell a rat, using an English expression, was when the honourable Deputy Prime Minister was addressing the manufacturers at a meeting recently in relation to the difficulties facing CARICOM, when he made the statement that the money was either going to be for manufacturing or he did not want it at all. In other words, he wants a loan for manufacture. What the World Bank wants to do is to further put in an adjustment loan in Barbados with the broadest sectorial arrangement.

I just mention that to show exactly what has happened. Here you have a Minister, who is responsible for the manufacturing sector, who is making a clear decision that this money would go to that particular area, and whose task would be now, in my judgement, to use this loan particularly to finance exports to non-CARICOM markets, where our manufacturing markets are facing particular difficulties. Yet you find that a broad-based loan, according to the World Bank release, has been put out.

No Member in this Chamber would have any idea of this. I just happened to come across this last night. I got this in the mail yesterday afternoon. I knew nothing about this at all, apart from the fact that some time ago I knew that this agreement was being entered into. But it is embarrassing for me to have to get up here and bring these things to the attention of the House, when you have a Resolution introduced by a Minister of Government with all of these things either concealed or, in the alternate, when he does not know about it. It is quite possible he does not know what is going on in relation to these matters.

Sir, financing construction. Do we need a hard currency loan in Barbados today for financing construction? I was very pleasantly surprised — as a matter of fact, I checked it, and checked the base information from which it came — to learn that in Barbados today construction has a very low foreign exchange input. It really came as a bit of a shock and a bit of surprise to me.

I would have thought, and if you asked me the cost, I would have said probably 30 per cent of the cost of construction in Barbados had foreign exchange implications. I cannot remember the exact paper now, but it has now been assessed as low as 18 per cent; and now that we have the cement plant coming on stream, I believe that 18 per cent would drop considerably.

So do we need a hard currency loan for this purpose? What the manufacturing sector in Barbados badly needs now is to get the money that is owed to the country, which would generate some US\$65 million in foreign exchange. In that way you will have enough money available to get the manufacturing sector going, and for self-financing for this kind of project, rather than

finding yourselves again stuck with another institutional loan.

All of these loans, in my judgement are putting this economy in a straight jacket, because you are borrowing not only money — and I am going to keep saying this — but you are borrowing policies in relation to the utilisation of these loans. We were borrowing from something like \$3 million when this Government came into power, and now, with this loan, it is probably well over \$100 million. So you will realize the extent to which we will be committed to external institutions who have the capacity to influence the policies in Barbados through lending.

Lending and borrowing money is perhaps one of the most decisive ways in which these institutions can guarantee that these countries continue along a particular policy path. Make no mistake, Sir, it is one thing to go and borrow this money, but then you have to adhere to the terms, as happened in relation to Heywoods.

They have discovered that they went to the World Bank and borrowed money on the basis of one kind of project. When they had overspent millions and millions of dollars and the World Bank would not lend them anymore money, they have found themselves in a position where they have to go to an English company and pay that company to run Heywoods. That is the kind of situation that they have now found themselves in.

These institutions do not make fun. They do not go back on an agreement. They are here for specific policy reasons and these loans have specific policies tied to them. None of this has been explained to this House.

Sir, it really does upset me that we have got ourselves into this situation time and time again, and we never going to listen. I hope that someone on the Other Side would at least try to expand on what this means. What tourism projects are identified in relation to this loan? How is the private sector in tourism going to operate in relation to this loan? There is only just a blanket statement here in a Press Release, but you can be quite sure that there will be a subsidiary agreement to demonstrate how the tourism sector will be involved in this.

The second thing which I want to explain is this. Here you have a blanket statement talking about, for example, industrial firms and tourism enterprises will be able to borrow from commercial banks, which in turn will borrow from the newly-established Credit Bank. How is it going to work? We understand it is going to be administered by the Central Bank, but how is it going to work in relation to the commercial banks? Is it going to benefit the small man in Barbados? Will the small manufacturer in Barbados be able to get a loan easier from the commercial banks because of this arrangement?

Is there a limit on the size of projects that can be financed by this loan? Some of these loans have in them

conditions relating to the size of loans and so on and to individual loans that may be made. For example, the International Finance Corporation would only make a loan over a certain amount of money. Otherwise, they would have to get special exemptions from the Board of Directors. That is a sister organization of the World Bank which is principally for the private sector.

What are the conditionalities relating to this loan? That we do not know. These things have to be explored and it is only right and correct that Members of this House should be given this kind of information. Twenty-one million Barbados dollars is not twenty-one cents, and these things should be explored so that when we vote, we know what we are voting for.

And, quite frankly, unless I get more information about this loan, I will not be voting for it. It is as simple as that. I am not casting my vote in the dark for anything that is brought by the other side when most of the information is not available, because we run into embarrassing problems later on. I was very fortunate to receive this document yesterday afternoon, otherwise I would have been in a whole heap of trouble today, and could never have expanded on this matter in this way.

3.50 p.m.

Mr. Deputy Speaker, that is my simple contribution to this matter. Those are questions that should be answered, and it is information that should be made available to this Honourable House not only in respect of this particular loan, but in respect of every single loan and every single guarantee. We cannot just continue in this age of complicated financial matters to come in here talking about the quantum of the loan, the repayment period and the interest that is involved. It is simply not good enough. It compromises each and every person, and indirectly commits the entire country to positions which they might not know they are committed to.

Years ago Harold Wilson, I think, made a statement that you never know what is going on until you get into power. Are we to find ourselves in that position? How can we sit down and prepare our manifesto, which would obviously relate to the quantum of debt that you have to pay, and the restructuring of that debt, if we cannot even get the kind of basic information that we need?

But you see, the international institutions have far more respect for the people of Barbados than the Government itself, because this document has been made available to the public of Barbados.

Hon. L. R. TULL (St. George South): Mr. Deputy Speaker, I just want very briefly to make one or two points in relation to the lacunas to which the honourable

Member has just referred, and to give him one or two small bits of information that he solicited.

But I cannot pass up the opportunity to advert to the fact that the honourable Member is the last person who should say that there is a shortage of information. One of his proud boasts is that he can get information from anywhere, any time and he has driven home to the public of Barbados that documents, national or international, domestic or external, confidential or otherwise, are not too far removed from his reach. Indeed, in getting up this afternoon and reading out some letter he said he had received yesterday afternoon, he is only reinforcing the image he has established in this country — that he is a man to whom all things are open. So I do not know why he is complaining that he does not have any information.

He went on to say that we do not give him information so that he can prepare his manifesto. Now that is the most ridiculous thing I have ever heard. The role of the Government now is to produce information to help the Democratic Labour Party prepare its manifesto!

He goes even further. He says he has not got information on this transaction, but he makes mention of a whole range of areas, including tourism and construction. If he did not say construction, I would gladly withdraw that, because I was reading these Hansard things and I may be wrong; but I think he said construction. I cannot understand how he could be giving us all that information and at the same time complaining that he has not got enough information.

However, Sir, for the benefit of the less informed, because we all feel a little bit humble as gatherers of information when faced by the honourable Member for St. Michael South Central, I would like to say that the areas for the expenditure of funds arising out of this arrangement do not include construction. Therefore to go on with a long argument as to what is the foreign currency cost in construction.....

(A VOICE: The World Bank lied.)

Hon. L. R. TULL: If the World Bank lied, they take their lead from a certain well-known member of the Opposition; that is all. I do not know what is the big dispute about that.

As far as I know, the funds are to go into agro-industry, manufacturing, fisheries, tourism, mining and quarrying, and enterprises providing services for those five areas. Do not tell me anything about the World Bank lying or not lying, because I am not interested in that. Those are the areas.

When the loan is contracted, it will be put into the hands of the Central Bank, and the Central Bank will channel those funds through a number of financial intermediaries. We do not want all the money disbursed through one particular channel. It will be used through a number of financial intermediaries, and these people will have the expertise to sound out and evaluate what is an economically viable project.

You wanted the information and that is it. There is no question of whether these people will be Barbadians or non-Barbadians. The criterion is whether the people are capable, these financial intermediaries, of sounding out and evaluating properly what is a proper project.

The Government of Barbados is not interested in wasting money. We have a lot of things to do in this country that require vast sums of money — yes — including CARIFESTA. What is the expression I used during the debate on the Estimates about the honourable Member? The honourable Member is affluent and floundering alternately in a morass of philistinism. In other words, he has not got an artistic, cultural or aesthetic bone in his body. Therefore, he has great difficulty in understanding that the total development of a human being or society is not dollar bills, material development and bricks and mortar, and all that he talks about in here week after week about finance and money and so on. It also involves the development of the soul, the personality of the individuals in the community. It requires a synthesis between the spiritual, the cultural and the material. He does not understand these things.

Mr. Deputy Speaker, I want further to state that the principle that is usually enunciated by the shadow spokesman on finance for the Opposition as to the nature of the national debt is one that does not find favour with me. It is an emotive thing to get up and shout on the housetops every time you get an opportunity that the national debt of the country is rising. So what! The national debt of the United States of America, the world's richest country, is \$1.3 trillion, and the national debt of the United States is increasing by \$10 million per hour. To use the argument that the national debt has risen and therefore something is structurally wrong, is an argument that has absolutely no validity as far as commonsense or good judgment is concerned. For Government to develop a capital programme, it, of necessity, must borrow money.

I understand that the revenue in this country for this year is something in the nature of just over \$400 million; the expenditure is over \$500 million. You must close the gap. You either will diminish the services of this country, cut down on some of the services and spend only what you collect in revenue, or you must borrow.

We on this side have always contended that we will never borrow money to pay salaries or to meet current expenditure
4.00 p.m.

(Aside: Like the other side.)

Hon. L. R. TULL As the other side did when they were the Government.

We are not borrowing any money for current expenditure, but we will always borrow money for capital development. If you have, Mr. Deputy Speaker, to build airports, seaports and highways, and if you are to give a boost to the productive sectors of the economy, in terms of providing manufacturing plant — I drove from the airport yesterday afternoon and I saw a massive factory building going up near the airport — if you are to upgrade and enhance your tourism plant it is necessary to borrow money.

The honourable Member keeps plugging away all the time about the national debt. You have to borrow money. And this money, whether he votes for it or not, is for productive purposes. I myself could not care less whether he votes for it or not. As a matter of fact, I would be glad if he does not vote for it. It would lend a little fuel to the fire. But the point is that all we are doing, without inviting the persistent strictures of the spokesman for the Opposition, is borrowing money with an external element in it — the foreign worth of the money, Sir.

(Dr. R. C. HAYNES: The language is not quite right.)

Hon. L. R. TULL: Do not worry about the language, man. I heard you talk so much foolishness in here. You got caught up in a whole lot of economic concepts that you do not understand. But the next time I hear you, I am going to correct you.

The foreign component part — since he wants to hear the technical terms — the foreign component part of the loan is vitally important.

Mr. Deputy Speaker, I do not know if the few gaps that were mentioned have been answered. I do not believe I have another chance to speak on this matter. But I believe that I have given the areas in which we are going to spend the money and pointed out that they are all — not some — in the productive areas of the economy, industry, manufacturing, fisheries, tourism, mining and so on. Any right-thinking and balanced person would realize that these are useful areas for which the Government should use foreign borrowing to bring about the type of stimulation in the economy that is so necessary at this time.

That is my contribution.

Mr. B. M. TAITT (St. Michael West): Mr. Deputy Speaker, Sir, I would like to make a few comments in

regard to this Resolution which is before the House. And I do not think that I could make those comments without taking cognizance of some of what was just said by the honourable Member, the Attorney-General and the Foreign Minister of Barbados (Hon. L. R. Tull).

The Foreign Minister of Barbados ought not to make such simplistic statements about "money must be borrowed." The fact is that the national debt of Barbados, in relation to the size of the economy of Barbados, in terms of the rapidity with which that national debt has accrued over the past seven years, must be — it must — be a cause for concern among right-thinking people in the community.

None of us in this Honourable House, except the most purblind, could be concerned about the fact that the Government of Barbados has, ever since the early 1960s, seen deficit budgeting as part of the development process. And it is always accepted that part of the deficit would be provided through borrowings from international agencies.

But I do not think that to make the statement that "we must borrow" adequately, or even at all, attempts to deal with the fundamental issue which has been raised time and time again about the manner in which the present Government has increased the national debt and its failure to demonstrate, plausibly and convincingly, that those borrowings have contributed to the infrastructural development, in the same way and at the same rate at which the borrowings themselves have increased.

We are satisfied that structural adjustment loans have become the norm of that Administration, which, incidentally, Mr. Deputy Speaker, has from time to time used these same loans to demonstrate that the hard currency, the foreign exchange component of our economic position, is sound. It is a kind of double banking which may mislead those who are not familiar with the system, but for people who really know, it means that we are making our economy more and more structurally weak. Weaker and weaker we are becoming because of the Government's attitude.

The second point I want to make is this. The honourable Member sought to admonish my colleague because he took the Government to task for coming to this Honourable Chamber with a Resolution to borrow \$21 million, and introducing that Resolution without giving this Honourable Chamber what it is entitled to. All the parliamentarians in this Honourable House are entitled to have proper information when sums as large as \$21 million are about to be borrowed, and when that \$21 million will be put on top of nearly, the figure they quote is \$1 billion in national debt.

(Aside: What?)

Mr. B. M. TAITT: A billion. The honourable Member is going to quarrel about the billion, so let me say over \$800 million. This \$21 million will certainly take us over the top. I am not going to concern myself with numbers. If the honourable Members on that side feel that that is an acceptable amount for us to be indebted, and if they do not visualize that in 1986, the first \$150 million in taxes collected in this country will be going towards servicing debt — in 1986, according to the number of loans we have made which will have a repayment schedule beginning in 1986 — that is a matter for them. Anyone in Barbados who managed his own personal affairs in such a poor manner would not last long in the market-place.

But, Sir, I wish to deal more specifically with the so-called development aspects of this loan. This is about the seventh scheme which has been trumpeted for on-lending to the industrial sector. I wish to make the point that no amount of onlending at this stage in the industrial sector in Barbados, if that onlending is going to continue along the same lines as previous attempts, will do anything to rescue us from the catastrophe which is just around the corner.

I say from the Floor of this Honourable House, Sir, that despite the utterances in recent months, which seemed to suggest that a solution had been found to the difficulties surrounding the manufacturing sector in Barbados, we are in more danger today than we were four weeks ago.

You will recall that during the Budgetary Presentation, I made allusion to the danger we were in in the manufacturing sector. And I drew attention to this Honourable House at that time that it was a matter that had not engaged the Government sufficiently, and that the Government was not demonstrating a capacity to solve the problems in the manufacturing sectors, and that, as a result, our entire economy was at the point of collapse, because unemployment in Barbados and under-employment was going to see a dramatic rise.
4.10 p.m.

Mr. Deputy Speaker, if you are a small businessman in Barbados today, this particular loan will be of no assistance to you if you are already so far in debt with the banks in Bridgetown that you cannot meet your pay roll from Friday to Friday. This particular loan will be of no use to the manufacturing sector if they are unable to find outlets for the production which many of them were engaged in as long ago as six to eight weeks.

It is vitally important that we find a way to relieve the bottleneck which has occurred in the manufacturing

sector in Barbados, and which shows no sign of being alleviated, because, Mr. Deputy Speaker, it is a fact that, very shortly, more persons will have to be laid off — in the manufacturing sector.

Take, for example, the situation between Trinidad and Tobago and Barbados. The licensing system was trumpeted to have been concluded. Mr. Deputy Speaker, since that time, no one in Barbados has received any indication of licences being granted by the Trinidad and Tobago Government in quantities that will even attempt to scratch the surface and allow any relief from the pressures which the people who manufacture in Barbados have been having for the last two months. I say categorically, that unless something happens during the next 48 hours, within five days more people in Barbados will be laid off.

We are going to go to the Central Bank again. There is an Export Credit Scheme through the Central Bank, and even though it was designed with the best will in the world, the central bankers will tell you that it has been unsuccessful. It has been unsuccessful, Mr. Deputy Speaker, because in these schemes we do not go to the infrastructural areas. We do not go to the root of the problem. We need to change the criteria which are used by the commercial banks in Barbados to deal with the matters of on-lending monies of this kind to the manufacturing sector, and to the other sectors. It includes the agricultural sector and, to some extent, the tourism sector, as it is related to the small hotel owner.

Everyone in Barbados suffered because of the high interest rates, but more particularly they are suffering now because they have been unable to find an outlet. It does not matter which industry you are in in Barbados, demand has been so shrunken, the shrinkage in demand has been so dramatic, that cut backs in production are the order of the day.

These kinds of loans, Sir, are only useful where a company, or a manufacturing sector, which has been going well, finds itself in a position where it needs to be refinanced to meet new demand. We are in a situation in Barbados which is the complete opposite of that. Demand in Barbados has been reduced, as I said, and where we would have not been able to find outlets beyond Barbados, all of those have been cut off. They remain static. No manufacturer in Barbados can find an outlet in any Caribbean territory in this day, in any quantities that will allow for growth, or even to allow him to remain at the levels he had prior to the last two or three months.

I wish to blame the Government, in large measure, for this situation. Recently, I saw announced that the Deputy Prime Minister (Hon. H. B. St. John) is leading a delegation to Japan and Korea. Mr. Deputy Speaker,

that is the most colossal waste of time and money that we would have seen in the last ten years in the manufacturing sector. It is guaranteed to fail, Sir. It is a waste of money. The only benefit that could possibly be derived from this junket to Tokyo, Hiroshima and other Japanese cities and Korea would be that manufacturers will get to see how it is done in these places.

I have read about talk of joint ventures. It has been systematically and scientifically proved that the Japanese are totally disinterested in any kind of investment in any entity of the size of Barbados, of the size of the Caribbean, or indeed of even an intermediate-size economy. The honourable Member for Christ Church West (Hon. H. deB. Forde) himself has spoken at great length on this matter; when he was Foreign Minister he had to speak very firmly on the attitude of the Japanese of investment in these parts. It is a colossal waste of time.

And we have picked up a substantial amount of hard currency and put in the pockets of the people who have to go on this trip — a large number of them, Sir. If this was the first time, you could say that it was an exploratory trip. But it is the second such junket, and I defy the Government to point to a single solitary benefit which derived from the last such trip.

When I had the honour to serve in the Government in various capacities, one of the things which we examined in great detail was the whole attitude of the Japanese and the possibility of Japanese investment in Barbados. It was conclusively demonstrated, in every study done from every different angle, that monies placed in Japan for promotional purposes would be the worst spent money of the Government. I have maintained an interest in this area ever since then, and I have seen nothing since then which tells me that there is any reason to change that view.

Furthermore, it has been conclusively demonstrated that the Japanese are less interested in investment in Third World Countries. They are much more interested in investment in the United States, West Germany, and in Europe. These are the areas where the Japanese are putting down their buckets. They have taken a decided interest in such areas as car manufacturing in Britain and in the United States, and they have purchased large blocks of stocks in a number of United States' corporations. They have established themselves on the west coast, in such areas as Seattle.

You can find that the Japanese have a creeping growth rate, which has, in fact, moved from a creep to a sprint during the last ten years. Why, then, would the Deputy Prime Minister lead a delegation to Korea and Japan? To give the people of Barbados the impression that something is being done? Or is it that the interna-

tional agencies, more particularly the European Development Fund, which, in an attempt to demonstrate that it has fulfilled its Stabex responsibility, is making funds available to countries like Barbados for such junket trips? Because they believe that if the private sector people benefit from the actual trip, the private sector people would tend to agree from the Third World that these agreements like the ACP/EEC Lome Convention are good for both sides.

4.20 p.m.

I want to go further, Sir. This kind of loan is very exemplar in terms of the kind of strategies which we see coming out of certain capitals in the western world. In this business of our not getting infrastructural loans which would allow Governments to make fundamental development changes, but having these loans which are designed, they say, for the private sector area, I want to show you what happens in a country like Barbados when this kind of mentality takes over.

Some years ago, the then Government of Barbados, in the interest of the development of a milk industry in Barbados, came up with what has been described in many places as a model of investment for small Third World developing countries. I speak of the milk plant in Barbados. There we had a joining of the small business sector, the farmer, the Government and overseas' investors into a unit that has been demonstrated throughout the Caribbean as a model for the kind of investment we ought to have.

The milk plant flourished. Soon we were in the process of manufacturing our own evaporated milk, we were in the process of developing our own dairy industry, and we used to be proud and we used to be able to boast that we are self-sufficient in dairy products. We had reached the stage, Mr. Deputy Speaker, where we would soon be producing and processing cheese in Barbados.

In the last few weeks it has been announced that we have regressed to the point where the distribution is returning to the hands of the professional distributors in Barbados. The milk prices have been increased to satisfy a particular sector of the community in Barbados, and 29 persons at the milk plant will be retrenched.

Mr. Deputy Speaker, I put it to you that that is not an indication of development. I put it to you that if one had heard the Stock Breeders' Association's meeting, if one had heard those members who presumably produce milk in Barbados airing their views and uttering their contempt and consternation at the Government's attitude toward development of that particular industry, one could see that there is no interest whatever in that kind of infrastructural development which is not only germane to

Barbados as a country, but is fundamental to the possibility of our assisting in feeding ourselves.

The milk industry in Barbados is in worse shape now, some fifteen years after we started on a development course, than it was when we started then. And all of this, I submit, comes out of a particular philosophy which is attendant and which can be demonstrated in the attitude which we have seen concerning these loans, which are alleged to be for the development of the so called private sector.

Mr. Deputy Speaker, we in Barbados cannot afford to continue down the road we have been going. We cannot continue to fool ourselves that things are happening which are not happening, and at the same time look the other way when we recognise the serious imbalances and serious difficulties arising out of policies which are not in the best interest of the development of a country.

The IBRD is not a place that you should avoid. I am not prepared to say that. But when we go to the IBRD, to the World Bank, we do not have to accept what the World Bank says to us, we do not have to accept a loan because it comes from the World Bank. There is no earthly reason why in our current situation we have to accept a loan which gives us three quarters of one per cent per annum in the repayment of a loan which, ostensibly, is for our development. That three quarters of one per cent is not a one time payment, Sir, it is per annum on the unpaid balance. It is like a bad mortgage. And Mr. Deputy Speaker, we also have an up front payment, like how you had to pay seed money in the good old days, or the bad old days.

The World Bank tried, when we were setting up the cement plant, to lend us money. They sent a lady down here and she came looking for projects to lend the Barbados Government money to finance. She wanted to lend us \$50 million from the World Bank to set up the cement plant, when we had established that the cement plant at that time would cost \$21 million. I am sure you have heard the story before, Sir. What she was primarily interested in — I think her name was Mrs. Hogg — was making sure that a French expert was appointed for the pre-feasibility study.

In this loan, Sir, part of the proceeds will go toward pre-investment studies. I want to make the point that we have been functioning in the Caribbean long enough that we do not need third rate persons from international agencies, who cannot find anywhere to rest their heads, to come down to the Caribbean to pick the brains of a number of West Indians, put it in a report and go back up, and we pay large sums of money for it — and we pay that money out of the same loan which we get for the particular project. That has been the pattern, and that pattern continues, and this Government seems particularly

capable of finding itself dealing with those kinds of people.

We just had a study done for the IDC, a major study, and I put it to you that anyone who is familiar with industrial development, who examines that study, cannot find that it was worth a half million dollars. A half million dollars for us to have what in essence is a recap of much of what has been done before and what has been the epitome of the picking of the brains of a large number of persons, who work not only within the IDC, but within the Government and quasi-governmental agencies in Barbados!

4.30 p.m.

But they must come in. We must have them because when you get these kinds of loans, built into these kinds of loans are to use the words used in here — 'feasibility studies'. Here is what the World Bank Report says: "The funds will be made available for financing construction" — contrary to what the honourable Member, the Attorney General (Hon. L. R. Tull), said —

"renovation and purchase of machinery, cargo vehicles" — cargo vehicles in Barbados, Sir? — "as well as working capital, pre-investment studies and technical assistance."

Let me tell you the size of the technical assistance. In an area in which your own expertise, Sir, without drawing you in debate, is not in question; never has been. We have an expert in Barbados at the moment who is advising the Barbados Government on agricultural matters, who gets \$10 000 a month — tax free. He gets \$7 800....

Mr. DEPUTY SPEAKER: Your time has expired. The honourable Member has had half an hour. I will give the honourable Member half a minute to wind up his debate.

Mr. B. M. TAITT: Thank you, Mr. Deputy Speaker. I am very grateful to you.

He gets \$7 800 a month — tax free — plus \$3 000, which is \$10 800 to advise the Government on Agriculture. And he has not yet produced, as far as any of us know, anything that has not been produced by a large number of experts in Barbados, both in and outside of the Ministry of Agriculture, and he is only one of many.

My opportunity will come again to discuss this particular aspect of our very poor system of management.

Hon. H. deB. FORDE (Christ Church West): Mr. Deputy Speaker, we have heard from the prophet of doom, but I would not expect that the honourable

Member for St. Michael West (Mr. B. M. Taitt) who normally knows a bit better, would have joined with the prophet of doom in looking at this loan. Because whereas the honourable Member for St. Michael West has been exposed, in a ministerial capacity, to industrial development, and has had to deal with the questions on a practical level, the honourable Member for St. Michael South Central (Dr. R. C. Haynes) is still at the stage of reading the elementary textbooks on Economics — there is a particular book used at Cave Hill in the first year which I understand he is now trying to peruse properly — and therefore I can sometimes appreciate his lack of the practical application in Economics to what is often referred to as "Applied Economics".

I think that common sense would tell us that when we are dealing with the question of the financing of business enterprises in small, Third World countries, with limited capacity, both in terms of productive capacity and consumption capacity in markets for which they are producing, we are really up against a hard nut.

Let me explain the facts for the benefit of Members of this House, if there are some Members who really do not understand what is happening. The private sector in the Caribbean, particularly the private manufacturing sector, is totally starved of medium and long term funds. That is a fact. That has been documented not only in studies, but the private sector itself has alluded to this. Indeed, Mr. Deputy Speaker, if we would recall, the CARICOM treaty tried to assist the private sector of the Caribbean in this respect by providing for the Caribbean Investment Corporation.

That corporation, unfortunately, was not only badly funded, but it suffered from the fact that the ground rules were so fixed that it was not a viable institution from the beginning. And whereas Barbados and Trinidad and Tobago paid up their share, some of the other countries did not pay theirs. What is more, the private sector itself did not manage its full share of the capital.

So the Caribbean Investment Corporation came to an end. This has meant that what is referred to as the DSCS have had to shoulder the full costs and the full burden of medium term and long term financing.

We, in Barbados, have been a little bit more fortunate in that we have had that role filled by the Barbados Development Bank. I believe that when the honourable Member for St. Michael Central (Mr. A. Truss) speaks, he will show how well, under the Barbados Labour Party Government, that task has been undertaken. But despite the role played by the Barbados Development Bank, particularly in the last few years under Senator David Seale — who is so often criticised by the honourable Member for St. Michael West, but who has given outstanding performance as Chairman of that Board — yet

it is a fact that today, the small businessman, the man who is operating an establishment with capital of under half a million dollars, finds it difficult to get long term money or short term money at reasonable rates of interest.

So what we are seeing, not only in the Eastern Caribbean but in Barbados as well, is that the commercial banks will be anxious to lend you to buy a piece of land, a fixed asset; sometimes to buy a motorcar or a television set, because those are easily disposable assets and the rates of return for the commercial banks are high. But there is very little money, if any, available to people in cottage industries, the people in embroidery products, who want to go into their small business and need \$100 000. They only probably have an insurance policy behind them as collateral, their skill and know-how, but they cannot find the working capital, although they need very few fixed assets to carry out that project.

It is well known that even to their best customers in the industrial sector, those customers who may have Shipping and Trading or some such big conglomerate behind it, the best terms which are given by commercial banks to the manufacturing sector is for seven years — and at probably one per cent or one and a half per cent above the prime rate. That is the best.

So what do we find? Not only do we find that a small manufacturing man in Barbados is being stifled and being prevented from developing his initiative, but we find that those in the manufacturing sector are finding it difficult to get the money for longer term development. That is the first and most serious justification for this loan.

4.40 p.m.

It has been found in Barbados that credit for increasing fixed assets is sought, fixed assets like land, but if you want credit for working capital, it is hard in monetary terms. You pay very high rates of interest at a short repayment term, so you find it difficult to get.

Indeed, the honourable Member for St. Michael West (Mr. B. M. Taitt) should be arguing differently from what he has argued, because he says that the small man in Barbados, in the manufacturing sector today, cannot find money. That is why we need this loan. We need it for the small manufacturer who may be having problems and who wants to roll over his loan on longer-term credit, because he is finding it difficult with the protectionism pervading the Caribbean and the whole world. We want to be able to make that money available not for seven years, but for fifteen and twenty years, which would give him a longer grace period and a longer repayment schedule — to carry on manufacturing and increase employment.

Honourable Members get in here and make a lot of fuss with a good deal of pejorative language, the language, of

course, that is typical of opposition politics. We were there at one time. It sounds attractive, but when you strip it and bring it down to reality, it is absolute nonsense. Honourable Members know that the manufacturing sector is suffering from a lack of this type of capital. Honourable Member should be joining with the Government in appealing to the commercial banks in Barbados to get into long term and short term credit in the productive sector instead of coming in here and criticising the Government over foolishness.

What is the purpose of this loan, Mr. Deputy Speaker? Its purpose is, obviously, to create a fund which would be turned over, and at the same time, by including the financial institutions as intermediaries, and this includes banks, to get them interested in this line of credit. Mr. Deputy Speaker, this is also being pursued for the Eastern Caribbean, but it is coming in another way. More will be heard of that in due course.

This is important. Let us assume that we have 100 or 200 small manufacturers, whether they are in weaving, garment manufacturing, potteries, whatever you like, and those manufacturers cannot find the capital to buy the small piece of machinery they want and at the same time help with their payroll while they develop and get proper markets. This is what this loan is going to be doing, and the price which the country is paying for it is very small. It has a repayment of nearly less than \$US½ million per year from September 15, 1986, and it goes up to 1997. Is the honourable Member going to deny the young women and men in my constituency, who are looking for work, an opportunity to go and work with another Husbands, who might have the ideas and initiative but not the capital?

Mr. Deputy Speaker, we have seen Husbands being closed by the commercial banks and having to be rescued by the Barbados Development Bank. Do honourable Members only want to see the big manufacturers from overseas operating in this country and the poor Barbadians given no opportunity at all? Why does the honourable Member for St. Michael South Central (Dr. R. C. Haynes) not join with us in appealing for additional credit from commercial banks and other financial institutions to help small businessmen in this way?

What is the cost they are arguing about, Sir? Honourable Members are arguing about a commitment fee of three quarters of one per cent on amounts not withdrawn. The honourable Member for St. Michael West (Mr. B. M. Taitt) is wrong. He is misleading this House when he said that the fee is an annual fee on unpaid amounts. That is not true. It is if the loan is drawn down at one tranche, that is the end of that fee. If it takes you two years to draw it down, you pay three quarters of one per cent.

Why do you do that, Sir? Nobody today is in the lending business or is going to lend you money without some sort of return, and to pay US\$26 000 for that, maybe at one or two goes, is a small price for us to ask the taxpayers of Barbados to pay to create employment and additional jobs.

The honourable Members said they have not got enough information, but the information is set out. Most of the information is set out on the back of the Resolution, and the honourable Member who introduced the Resolution gave the additional information.

The honourable Members said they have a press release from the World Bank. These press releases are available to anybody at all. I would have thought they would have taken the opportunity, as some of us do when we have Resolutions before the House, to phone and ask for information that is not secret. It would be given to them, and they would be able to use it instead of creating such a mystery about things in the country, as if a little bit of financial information is some hot news, some great thing.

The problem with our people is that they have not begun to calibrate and think in terms of finance and money as simply as we think in terms of calypso. Otherwise, the honourable Member for St. Michael South Central would not develop this mystery by talking in esoteric language; he would speak in simple language so that the man in the street could understand.

What is going to happen is that \$10 million of this loan will be lent out to the Central Bank, commercial banks and other banks, which will lend it out for loans that are medium term, loans between seven to ten years, and long term, which are loans between ten and twenty years. In this way your repayment period will be longer, you can organise your business better, and the money will go not in fixed assets like land and housing, but it will go in the capital equipment and various other assets for assisting working capital.

I would expect that the Government would put up some matching funds. In all these loans they call for matching funds, usually one-fifth, about US\$2 million. So that capital is there to assist, and it will be turned over, because it is self-financing. And I hope it will build up to such a fund that I will no longer hear the private sector, the small businessmen, crying out for loan funds — as they should not be doing.

The honourable Member for St. Michael South Central criticised the Government on the purposes for which the loan is being used. The honourable Member says that to lend money for tourism these days is off because the tourist market is down. The honourable

Member obviously does not believe that other people put on their thinking caps.

Sir, one of the things needed in the tourist industry today are energy conservation measures, because it is well known — and the honourable Member is always talking about the cost of electricity — that hotels are the highest consumers of electricity. One of the purposes of this loan is to encourage energy conservation in the tourism sector. Why doesn't the honourable Member get up and talk about that? He will give you the impression that the Government is wasting money on building more tourist plant at this time rather than say that there are projects in the tourism sector, like in energy conservation, for which this loan would provide assistance.

The other area is refitting of the tourism plant. The persons who have suffered most from the world international recession in the tourism sector in Barbados have been the small Barbadian businessmen or business women. One or two of the hotels have closed down because people have never had enough working capital to refurbish their establishments to bring them up to the same standard as the five-star hotels; therefore they were the first to fall out. Look along the south coast in my constituency and those represented by the honourable Member for Christ Church West Central (Mr. M. A. King) and the honourable Deputy Prime Minister (H. B. St. John). We are painfully aware of this because we feel the full effects in our constituencies.

I welcome the loan. I welcome the opportunity that it would give the small guest-house owner, to put it that way, to borrow money so that she and he can put up new curtains new carpets, keep the place clean, have some working capital to employ a few more of the girls of my constituency, send them to training schemes and things like that — that is what we mean by working capital — so that they will be able to work in the tourism sector.

4.50 p.m.

If the honourable Member wants to deny that, let him come in Christ Church West and say so. He will only increase my majority. I wish I could transfer some of that majority to other members of the party. Let him come in Christ Church West and talk the arrant nonsense he talks sometimes, as though people have not got any understanding of these things.

The other thing is the increase of capacity. One of the things we need today is more tourism promotion. Are you going to tell me that if you can borrow this in order to build up among the small hoteliers a joint system of booking people into their hotels by computerization, and increasing their promotion, that they are not to be lent at this stage? This is exactly the time we need to lend to them — when they are having problems, when

some of them have to reschedule their debts to the commercial banks. We need to lend to them to keep them afloat, and this is the purpose of the loan in the tourism sector.

The honourable Member talked about construction. He will assume that the loan is for construction. Is the honourable Member going to contend that we still do not need industrial capacity in Barbados? Despite the recession, Barbados has done well in its exports. I hear the honourable Members talking, but when we took over, our exports were less than \$100 million. Nowadays we are exporting, in 1982 figures, \$383.737 million from Barbados. We have in the space of time, gone up by 300 per cent under this Government, because we have had the foresight to build the Six Cross Roads Industrial Estate.

Aside.

Hon. H. deB. FORDE: I bet you the honourable Member for St. Philip North (Mr. W. O. Franklin) is not going to say that. He is too glad to see us expand at Six Cross Roads.

The honourable Member for St. Michael West went on the television during the first by-election and revealed this great plan for building a station at Six Cross Roads Industrial Estate. But in fifteen years of Democratic Labour Party rule, they never took the industrial estates up to the south. We took it. The honourable Member is now the beneficiary of it. He knows that he has people up there who would like work. He would like to see more factory space.

I am proud to see that we have taken it to the north. We have taken it to the south, we are now taking it to the north in St. Peter, because we must stop the pressure of people travelling on the buses and the various services all running to Bridgetown, Wildey and Grazettes. We must have projects distributed fairly throughout this country. The Government needs not be afraid of this sort of thing.

Now, Sir, we always hear about the national debt. Every time I come in here, I hear about the increase in the national debt, and people who do not understand what is the national debt throw their hands up in the air and say, "Yes, the national debt is going up."

What is the national debt? It is very simple. We are borrowing money today to put in infrastructure and other capital works that will, in time, bring money for Barbados and, at the same time, contribute to social development. That is all we are doing.

Whenever we borrow money to expand the airport, it will repay for itself, just as the Bridgetown Harbour

repaid for itself. Whenever we borrow money for the industrial estates, they not only generate rent, but they also generate employment. Whenever we borrow money for the schools, we are training people to be qualified to look after themselves in the future. This is where the money this Government has been borrowing has gone. It has gone in schools, it has gone in polyclinics, it has gone in Heywoods, it has gone in the Harbour, it has gone in the Flour Mill, it has gone in Oistins.

The honourable Member will deny the country that. The honourable Member for St. Michael South Central does not want to see development in this country.....

(Dr. R. C. HAYNES: Oh, shut up!)

Hon. H. deB. FORDE: because if you had to go at the pace the honourable Member would want, you would not have any development at all. That is what he is going to say.

(Dr. R. C. HAYNES: Stop talking foolishness.)

Hon. H. deB. FORDE: He wants the country to go at snail's pace whilst the young people are demanding jobs. The honourable Member is less than honest to his intellectual capacity to continue to represent to the country that the national debt is getting out of proportion.

The honourable Member, like myself, would have read Mary Zephirin's article. I thought by now he understood it. The norm for people, the norm taken by every financial institution, by every recognized economist on the left, the right and the centre, is that if your national debt is 18 per cent to 20 per cent of GDP, you are doing good.

The honourable Member knows that. Mr. Howard has told him that in the briefing sessions that he has given him. So too, has my friend, Frank Alleyne. The honourable Member cannot take into his head that economists down through the years — remember he referred to forty economists — have understood this concept.

Now what is the position in Barbados? The national debt is less than 11 per cent of GDP in this country. And what is more, the honourable Member knows that the external element of the national debt is low, and that most of the debt is owed to Barbados, to our own National Insurance funds and that sort of fund, and Barbadian people.

He knows that. But it sounds good to get up and talk about the national debt, because it frightens people. The poor man who has not had an opportunity in this country, when he hears about debt, he cannot manage that. So the honourable Member preys on his fear and his

natural conservatism by saying that the Government is loading him with debt. That is what the honourable Member is doing. He wants to keep down the poor man. He does not want the poor man to have the same things as he has, to drive a *Mercedes Benz*, to be able to live in the big house, to get the opportunity to use his brain to develop.

What is wrong with that? I came from poor circumstances. The right honourable Member for St. John (Rt. Hon. E. W. Barrow) has never failed to remind me how poor I was. And it is because I came from poor that I understand poor. That is all.

(Dr. R. C. HAYNES: Your house is bigger than mine.)

Hon. H. deB. FORDE: The honourable Member has just bought an estate. I have not bought one yet. I do not want to trade with him as to why he has bought an estate in St. George next to.....

Mr. DEPUTY SPEAKER: Order. Can we have a debate and not a private discussion.

Hon. H. deB. FORDE: In cash too, in cash! Three hundred and twenty thousand dollars in cash! I do not want to dwell on that. The honourable Member must not drag me into this.

Asides.

Hon. H. deB. FORDE: Mayfield Plantation. He sent the man who ran against the honourable Member for

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

Mr. DEPUTY SPEAKER: On what

Dr. R. C. HAYNES: On a point of

Mr. DEPUTY SPEAKER: has the honourable Member risen?

Dr. R. C. HAYNES: order. On a point of order. I think the honourable Member is inadvertently misleading the House by saying that I bought Mayfield Plantation. It is quite.....

Mr. DEPUTY SPEAKER: That is not a point of order.

Dr. R. C. HAYNES: It is quite untrue.

Mr. DEPUTY SPEAKER: That is not a point of order.

Hon. H. deB. FORDE: The honourable Member knows. I will ease up on him. I admire the honourable

Member's financial wizardry on his personal finances. But, unfortunately, he cannot transfer them yet to help the country. He does not know how to transfer them.

What I am saying is that the national debt is less than 12 per cent of GDP. In 1982 it was something in the region of 11 per cent. So that is not a big thing.

The honourable Member for St. Michael West (Mr. B. M. Taitt) made a point on CARICOM. I think we are all understandably concerned about the increased protectionism which has been seen in the Caribbean Community during the last few years. Now whilst it is understandable that when you are faced with international recession, falling commodity prices for sugar, contraction in the bauxite industry, falling prices for even hydro-carbons like oil, the first move is to close up your market and to shut up house in order to protect your little place. Those of us who have a long term view of the development of the Caribbean must be understandably concerned about this negative attitude to Caribbean development.

I have always been a federalist, and I have always contended that a market of five million people is a small market. You can take it and put it in part of New York and we will be lost — the whole of the Caribbean. Five million is no great number of people. But those five million people will not thrive if they exclude each other from their local domestic market.

Antigua has 80 000 people. Can we be serious if we believe that we can have a serious manufacturing sector if the only market available to Antigua of any size is its own market? Barbados has 250 000 people. The Barbados market is not a viable market if the policy which we must pursue is one of protectionism. The manufacturers have to understand that.

Indeed, I want to say that the manufacturing sector has begun to understand this. And although they need a period to adjust to exports outside of the CARICOM region, we cannot have a development strategy based only on the CARICOM region, because in times like these, you will tend to see that the bigger markets, Trinidad and Tobago and Jamaica, will look first for self-protection, rather than look at the wider interest of the Caribbean in their longer-term interest.
5.00 p.m.

As you know, Sir, when both of us sat in another place as Ministers of Cabinet, you would have heard my views and my strong commitment to Caribbean development. But I have always contended that the right road for Barbados is the integration of its economic development and industrial strategy alongside those of Trinidad and Tobago, and finally with Antigua and St. Lucia and the others, because there has to be an Eastern Caribbean block to counteract the Jamaica attitude on some of these matters.

I am less than satisfied with the attitude taken by Jamaica in the Caribbean recently. Jamaica coming into the Eastern Caribbean with *Air Jamaica* is a dreadful mistake. We should have been moving towards a Caribbean carrier. Barbados has put up the idea of a holding company, in which we would feed into LIAT, CARICARGO, and all the others. You would be surprised where the objection is coming from. That is the problem that we have.

Jamaica saw itself as getting out of its serious economic difficulties by using the Caribbean as its market, but not at the same time giving the other Caribbean countries the same facility. Trinidad feels that it has had enough, that it has given a lot of money through the Oil Facility, and that it has bent over backwards, and therefore Trinidad is now pulling up sticks and closing its doors.

Mr. DEPUTY SPEAKER: The honourable Member has less than one minute to wind up his debate.

Hon. H. deB. FORDE: I will use that time to appeal again to the Caribbean Community and to my brothers and sisters in the Caribbean, because I remain in here as one of the "Under Forties," like yourself, strongly committed to the Caribbean destiny. I use this opportunity to appeal to them, to forget protectionism, to join together and see whether or not we can protect our own markets whilst at the same time bargaining with outside powers to explore markets farther afield.

If we join our manufacturing sectors together, we may find that we do not always produce chairs as a finished product, but there is no reason why the legs cannot be produced in Barbados, another part in Jamaica and other parts in various islands of the Eastern Caribbean.

This calls for vision, but I believe that we have the capacity in the Caribbean. On both sides of the House here, and both sides of the House in other countries today, we have some of the most outstanding of our citizens, including the honourable Member for St. Michael South Central. But what we need to do is to stop the confrontation and put our heads together, as we are capable of doing, and build a Caribbean that could represent a strength in the world. Today we have some of the best speakers, some of the best thinkers. It is time that we have some of the best doers as well.

Mr. Deputy Speaker, I thank you.

Mr. A. TRUSS (St. Michael Central): This Resolution seeks approval for the Government to borrow U.S. \$10.5 million or Bds \$21 million from the International Bank for Reconstruction and Development for the purpose of assisting in financing the establishment of an ICF,

which is an Industrial Credit Fund, to be managed by the Central Bank of Barbados. I, of course, have no difficulty in supporting this Resolution.

It is somewhat difficult to cover further ground that would be relative to this particular Resolution, since the last speaker who has just sat down, I believe, said all there was to say. But there was a point raised by the honourable Member for St. Michael South Central (Dr. R. C. Haynes), which was not fully covered which dealt with the real objective of this Resolution. As far as my information goes, and for the record, because this has not yet come out, the Resolution is to contribute towards industrial development specifically, and also to serve as an encouragement to local banks to engage themselves in medium and long term lending to the manufacturing sector. This particular point was touched on by the last speaker.

The Industrial Credit Fund, will provide credit to the productive private sector to stimulate economic development, create employment, and generally, hopefully, to generate foreign exchange. In addition to these funds, which we are seeking through this Resolution, the ICF funds will also come from a counterpart contribution of US \$2 million from the Central Bank. Also, funds that will accrue from the ICF operation will be plowed back into the ICF, and such funds as from time to time will be determined by the Government of Barbados and the Central Bank, will also be used in the ICF for the future development of this country.

The point made by the honourable Member for St. Michael West (Mr. B. M. Taitt) of paying three quarters of one per cent each year on the balance not paid has already been dealt with by the last speaker. But, Sir, to simplify matters, let me just state that even today in Barbados, an ordinary individual going to a trust company, mortgage finance company, or an insurance company, to get a mortgage to purchase a house — the honourable Member for St. Philip North (Mr. W. O. Franklin) is aware of what I am saying, as well as every honourable Member on this side — must first of all not only get valuation, which costs money, to submit the application — a valuation from a company, or a person identified by the trust company, or the insurance company — but they must pay a commitment fee.

And some lending institutions demand that not only do you pay a commitment fee or an interest rate on the drawn down amount, but from the time you touch the amount, you begin to pay interest on the full amount. If you are negotiating to borrow \$1 million, for example, Mr. Deputy Speaker, and you only find it necessary to draw down \$100 000 of that \$1 million, you find yourself immediately paying interest on the full \$1 million.

So if we have to pay the percentage based on what we have drawn down, there is nothing wrong with that. Now if we had to pay the sum of money of what is to be left over, there would be nothing wrong with that as well, because you may not have the opportunity to manoeuvre yourself or negotiate a better situation.

But the point is that when it comes to borrowing money, one must realize that there are certain functions that have to be performed, there are certain things which have to be done, there are certain contractual obligations which have to be carried out. And if a person or company says that we are prepared to lend you money, these are the terms and conditions, it is then up to you to decide whether or not these terms and conditions suit you.

If we are here to govern as a government and the terms or conditions as outlined for borrowing \$21 million from the Industrial Credit Fund are suitable, we make that decision and borrow. Why should we hide from the one fourth of one per cent, or a half of one per cent, or one per cent, when there are countries today which cannot get money to borrow?

Look at what is happening to Brazil and Mexico, just to point out two examples. Brazil just had to borrow US\$1.8 billion from the United States to bail them out, and to bail them out not for capital projects, but bail them out so that they can meet interest payments, so that they can reschedule their debts, so that they can service the money they borrowed previously. In Mexico they have just borrowed US\$2.2 billion from the IMF to reschedule their debts. They almost dragged down Japan, the great Japan, because they owe Japan US\$26 billion and cannot repay it.

We in Barbados are borrowing money for capital projects, which in turn will generate sufficient revenue to repay loans. We are not borrowing for current account facilities. We are not borrowing to pay civil servants salaries, as the Democratic Labour Party did in 1974 and 1975, or to pay interest. We are borrowing money for capital development. There is a big difference, a major difference. If we had to borrow this \$21 million to pay interest on loans, which we were supposed to have paid within the last two or three years, I would be very silent. As a matter of fact, I would be joining Members on that side in criticising the Government.

5.10 p.m.

We have never ever yet, since 1976, defaulted on any payment. For seven years the major spokesman on Finance on that side has been the predictor of doom in talking about the national debt being too high, and we have never as yet missed one payment or asked for a rescheduling of a loan.

The proof of the pudding, Sir, is in the eating, and, as the honourable Member for Christ Church West demonstrated when he stripped their arguments to the bone, you will see that their arguments do not hold water. They may sound nice. Opposition politics are sweet. We know that because we sat on that side for fifteen years. But the honourable Member for St. Michael West, particularly, should know better, because he himself, as a Minister of the former Government should understand the difference between saying something and the practicality of trying to implement it.

In relation to the great industrial development for which this money will be used, let me just mention a few salient points. In spite of the international recession, the manufacturing sector in Barbados last year grew by 1.2 per cent. In the electronics components department alone we had a growth of 56.7 per cent in 1982. Those are facts. This is why we talk about long term money — so that we can take this money to use in the development of the industrialised sectors of the economy and give the small man a chance to take a short term liability and transfer it into a long term one; to give him an easier breathing spell; to ensure that his repayment schedule is reduced substantially, so he can afford to make a living. And not only to make a living but to expand further, because money is available over fifteen and twenty years, rather than five, six or seven years as commercial banks like to offer, and not at all in some cases.

During 1982, this Government built 5 270.3 square metres of factory space, and have almost completed another 9 776 square metres in new factory space. Nearly 16 000 square metres of factory space was built within the last year to eighteen months, in spite of the international recession. This is what we are borrowing money for, Sir, for projects like this, so that small business people can now rent factory space at a subsidised rate, borrow money from the Industrial Credit Fund, the Barbados Development Bank or the Barbados National Bank and be able to separate capital expenditure from current account facilities.

What has happened is that a lot of the small business people are finding themselves in the position of having to finance capital expenditure out of current account. And they cannot do it, because as we have seen last year, when the interest rates jumped from 10½ and 11 per cent to 17 per cent, a lot of small people got hurt and squeezed out of their business completely; they went very quickly into a cash flow problem. So what we are trying to do is to accommodate the small man, to ensure that, at a reasonable interest over a longer period of time, he can exist.

The new investment in industry alone last year totalled \$6 million. Twenty one companies were assisted

by the IDC and 14 brand new companies were granted approved status, or fiscal incentives as it is called. At the end of last year over 9 226 persons were employed in the manufacturing sector. The commercial bank credit during 1982 was \$115.6 million, and we hope to double that within the next two years. We hope, through the Industrial Credit Fund, to force the commercial banks to give money for fifteen and twenty years and to double this \$115.6 million that is presently invested in the industrial sector.

The Barbados Development Bank, Sir, again concentrated strictly on the industrial sector, and last year made 35 loans totalling \$10.7 million. That is more money in one year than the Democratic Labour Party lent out from the time the BDB was formed, in 1969 to 1976. For the six years they were in power, they only loaned \$6.5 million, and last year alone we loaned \$10.7 million to factories, plus 13 loans, in addition to the 35, totalling almost a half million to the manufacturing small man, as against the \$10.7 million for the bigger factories, and 98 loans totalling \$2.946 million was loaned to small business. So you have 35 loans totalling \$10.7 million to the larger factories, you have 13 loans totalling \$455 200 to the small manufacturing sector, and you have 98 loans totalling \$2 964 000 to the small businessman.

All of that was in one year. I am talking about a year when the whole world has been faced with a very serious international recession, when unemployment in the U.K. is 3½ million; in the United States of America, 15 million; in Canada, 3 million; in France, Belgium, and West Germany, in excess of 2½ million each. There were riots all over the place. The latest *Time Magazine*, this week's, indicated that some company in the United States of America advertised for a clerk and 900 people lined up for the job. That does not happen here.

I am not saying that we do not have our problems. Of course we have our problems. When the honourable Member for St. Michael West (Mr. B. M. Taitt) says we are worse off this year than we were last year, I cannot say he is talking foolishness, Sir, I cannot say he is trying to mislead the House because you would not permit me to do that. But he certainly is not telling the whole truth, or he is ignorant of the truth.

The BDB has just raised its lending limit to the small man from \$50 000, the ceiling in 1976 when we came into power, to \$250 000. And today they preach to us about the small man?

The GDP, at factor costs in current prices, increased last year over the year before, despite the recession, by 5.7 per cent to \$1.804 billion, giving Barbados one of the highest per capita incomes in the developing world. When one considers the whole of South and Central America, from Jamaica all the way down, the only country that

does better than Barbados is Trinidad, because of their petro dollars — in terms of their GDP per capita income; nothing else, because they still come to Barbados to buy goods and services.

Sir, dealing with manufacturing again, the salient point is this. If you talk about borrowing money for the development of the industrial sector, that is an entirely different sort of thing than borrowing money for current account, as I have pointed out. For example, when we came into power, exports of manufactured product, domestic exports plus re-exports, were approximately \$150 million. As of December 1982 domestic exports plus re-exports totalled \$528 613 000, which is about four or five times as much. So you can see what we are doing with the money we are borrowing, Sir. We are developing Barbados, we are creating employment opportunities for the people of Barbados.

In 1976 less than 90 000 people were working. Today, according to the latest figures from the Barbados Economic Report, 115 000 people are working. Twenty-five thousand jobs have been created in the eight years since 1976. These are the facts of life.
5.20 p.m.

What are the social economic indicators? If you turn to the quality of life of the people, you must look at the water in their homes, the per capita consumption of electricity. You must also look at housing. You must look at how many doctors there are in relation to the population, how many dentists there are in relation to the population. What are the mortality rate? All of these facts have to be taken into consideration.

If we are borrowing money for the development of the infrastructure of a country, and the money is spend in such a way that it generates sufficient revenue not only to repay the loan, but to generate further income; to borrow more money and have that covered as well, I see nothing wrong with that. You cannot develop a country unless you borrow money. Big countries borrow money.

The national debt has been touched on by the Member for St. Michael South Central. It is his favourite subject. I know the honourable Member for Christ Church West dealt with it, but the point is, you cannot on a balance sheet look at the liabilities and not the assets. It is the same thing when you come to a country — you cannot look at the national debt in isolation. You cannot cut out the national debt and say that Barbados owes \$760 million and we owe too much money.

When the honourable Member for Christ Church West pointed out that the service debt was less than 11 per cent, the honourable Member for St. Michael South Central was saying "No". But if our debt is \$760 million,

and according to the Economic Report published by the Ministry of Finance and Planning and figures produced by the Central Bank of Barbados, the debt service last year was \$95.9 million — all you have to do is to divide \$760 million by \$95.9 million to arrive at a figure, roughly, of less than 2 per cent.

It is not a question of saying "No"; that we on this side are saying something and they on that side are denying it and the public of Barbados is not well aware of which side is telling the truth. These are the facts. We are dealing with the facts; not impressions like the honourable Member for St. Michael South Central.

What is very important about the national debt is the domestic component versus foreign component. Of the \$760 million national debt, \$473.1 million is local. It is domestic, short term and long term, as compared with \$286.9 million, which is foreign. That is the burden. It would be more burdensome for us if it were the reverse. In other words, we owe ourselves. That is the essence of what I am saying. You are borrowing from your left pocket and you are using it in your right pocket, and you will be repaying it in the time that it suits you.

The honourable Member for St. Michael West talked about one billion dollars — fanciful figures. The last Annual Central Bank Report of Barbados, 1982 was circulated to all Members of both sides. I have my copy. It says \$760 million. The Economic Report, which is produced by the Ministry of Finance and Planning every April, indicates precisely and exactly what the national debt is, what the foreign component is, what the local component is, what the long-term component is, and what the short-term component is. It is not a question of guessing at how badly off we are.

According to the honourable Member for St. Michael West, we are worse off this year than we were last year. That is utter rubbish. If you are dealing with international reserves, at the end of 1982 the net foreign reserves of this country stood at \$188 million and last year we were down to \$113.5 million, so we have to be better off this year than we were last year. When you consider that we have sufficient money in our foreign reserves to finance 10.2 weeks, to be precise, on retained imports, as compared to 6.3 weeks last year this time, are you going to say that we are worse off this year than last year?

Mr. Deputy Speaker, we on this side like to deal with the facts, not with impressions, and I do wish that the Shadow Minister of Finance will deal with facts, because he is intelligent. He can interpret the facts correctly. The only alternative is to say that he is either ignorant of what he is reading, and I do not believe that he is, or he is trying to mislead the House. I cannot say

that he is a liar, but I can say that he is guilty of a terminological inexactitude.

These are the only interpretations left to our side when we have to deal with these facts. I really do not want to prolong the debate, but sometimes it is very difficult to sit down here and say nothing and listen to the poppy cock that comes from the other side.

We are saying, 'this is our programme'. We are taking money and we are developing the highway system — the St. Barnabas Road, the connection of the roadway system up to Warrens, the Spring Garden Road, which has just been opened up at a cost of \$10 million, the \$10.5 million which has been spent on the refurbishing and rebuilding schools over the last five years, the industrial revolution that has been going on.

We have been set back considerably in agriculture, but non-sugar agriculture products are on the increase, so you have to take the whole of agriculture, into consideration. You cannot deal with sugar alone, because we know it is seasonal. We only get a windfall every five or seven years, but production of non-sugar agricultural products are far in excess of what they were when the Democratic Labour Party was in power.

When they were in power, they cut up good arable land and sold it to their friends, people like Bernstein and Moses, people who live in the Christ Church West constituency, who gave a lot of trouble, so much trouble that the opponent of the honourable Member almost lost his deposit. That is to show you the creditability of the two people involved.

They have the gall, Sir, to talk about the small man. This is why sometimes one has to get up, because you can sit here for so long, Tuesday after Tuesday, and take so much. I implore Members on the other side, that if they want the debate to be maintained at a certain level, then they must deal with facts. We on this side will continue to deal with facts. They do not deal with facts and in defending our position we will have to attack them personally, because their facts do not bear out.

No one on this side likes to be placed in a position to attack anyone on that side personally. But when you the Shadow Minister of Finance gets up and make stupid statements, a PhD. in Medicine, the area to which he should stick, in my opinion Sir, comes in here, misquotes and misstates the facts time and time again, makes the same mistakes again and again, and to add insult to injury, when he sits down, a former Minister on that side, the honourable Member for St. Michael West, gets up and misquotes and mis-states the facts as well, we on this side cannot just sit back and let the Press have a field day because no one is interested in the truth.

We will go down, if we have to go down, telling the truth. But I have a sneaky suspicion that the people of Barbados appreciate the truth, and so long as we continue to show them the facts and the figures, show them the development of the country and the direction in which we intend to take the country, I believe that they will select us, and they will make that decision whenever necessary in the future.
5.30 p.m.

I close by supporting this Resolution which seeks the approval by the Government to borrow a sum of Bds. \$21 million from the International Bank for Reconstruction and Development for the purpose of assisting in financing the establishment of an Industrial Credit Fund which would be managed by the Central Bank of Barbados.

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

THE ADJOURNMENT

Hon. L. S. CRAIG: Mr. Deputy Speaker, I beg to move that this House do now adjourn until Tuesday, June 14, 1983, at 12 o'clock noon.

Mr. L. L. SISNETT: I beg to second that.

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

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