

THE House of Assembly Debates

(OFFICIAL REPORT)

SECOND SESSION 1981 – 86

HOUSE OF ASSEMBLY

Tuesday, October 1, 1985.

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

PRESENT

His Honour C. L. Bolden, LL.B., (Speaker)
Hon. L. S. Craig, (Minister of Information and Leader of the House)
Hon. H. B. St. JOHN, Q.C., LL.B., (Prime Minister and Minister of Finance and Planning)
Hon. H. deB. Forde, Q.C., M.A., LL.B.
Mr. L. E. Sandiford, M.A., (Econ.)
Hon. L. B. Brathwaite, (Minister of Housing and Lands)
Hon. V. L. Johnson, M.A., (Minister of Transport and Works)
Mr. B. M. Taitt, B.A., (Hons.), M.A., LL.B. (Hons.)
Hon. L. R. Tull, Q.C., M.A., (Minister of Commerce, Industry and Consumer Affairs)
Hon. DeL. O. Bradshaw, (Minister of Labour and Community Development)
Mr. L. L. Sisnett, (Parliamentary Secretary, Prime Minister's Office) (International Transport)
Hon. Dr. R. L. Cheltenham, M.A., M.Sc., (Econ.), (Minister of Agriculture and Natural Resources)
Hon. A. Truss, (Minister of Tourism and the Environment)
Mr. O. S. Arthur, M.Sc., (Econ.), (Parliamentary Secretary, Prime Minister's Office)
Hon. D. A. C. Simmons, Q.C., LL.M., (Attorney General and Minister of Legal Affairs)

Prayers were read by Rev. Father Ivan Harewood.

Mr. SPEAKER: The House is in session.

MINUTES

Mr. SPEAKER: The Minutes of the meeting of Tuesday, September 24, 1985.

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that the Minutes of the meeting of September 24, 1985 be taken as read.

Mr. SPEAKER: If there are no objections or observations, let the Minutes stand confirmed.

PAPERS

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

The Annual Report and Statement of Accounts of the Insurance Corporation of Barbados for the year ended 31st December, 1984.

GOVERNMENT NOTICES

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

Resolution to grant the sum of \$279 321 from the Consolidated Fund and to place it at the disposal of the Government, to supplement the Estimates 1985–86, Part I – Current, as shown in the Supplementary Estimates 1985–86, No. 5, which form the Schedule to the Resolution.

Resolution to grant the sum of \$675 000 from the Consolidated Fund and to place it at the disposal of the Government, to supplement the Estimates 1985–86, Part II – Capital, as shown in the Supplementary Estimates 1985–86, No. 6, which form the Schedule to the Resolution.

A Bill to amend the Public Employees Pensions Act.

A Bill to grant an additional sum of money out of the Consolidated Fund and appropriate the same for the service of the island for the Financial Year ended 31st March, 1985.

FIRST READINGS OF BILLS

On separate motions of Hon. L. S. CRAIG, seconded by Hon. L. R. TULL, the following Bills were read a first time:—

A Bill to amend the Public Employees Pensions Act.

A Bill to grant an additional sum of money out of the Consolidated Fund and appropriate the same for the service of the island for the Financial Year ended 31st March, 1985.

Dr. R. C. HAYNES and Messrs. H. A. BLACKMAN and W. O. FRANKLIN entered the Chamber and took their seats.

ORDERS OF THE DAY

SUSPENSION OF STANDING ORDERS

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

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

The question that those several Standing Orders be suspended for the remainder of the day's sitting was put and resolved in the affirmative without division.

GOVERNMENT BUSINESS

COMPULSORY ACQUISITION OF LAND AT WESTON,
ST. JAMES, FOR THE ESTABLISHMENT OF
A COMMUNITY CENTRE

Order No. 2 was called – To move the passing of a Resolution to approve the compulsory acquisition of land at Weston, St. James, for the establishment of a Community Centre.

Hon. L. B. BRATHWAITE: Mr. Speaker, this Resolution is straightforward in the sense that there have been negotiations between the owner of this land and the Government about the price, and I do not think that there should be any difficulties there.

This land is primarily to provide an extra area of land on the coastal strip of St. James which is very heavily populated. As a result of a survey carried out, it has been determined that there is a catchment area of something like 5 000 youths and 15 communities. With the exception of the Trents area, which is about two kilometres south of this area, there is no other recreational facility in that very thickly and heavily populated district, and it was considered that an area of

land should be acquired for the youth and other people in that area because I have discovered that when you have these amenities that people always seek to involve themselves – the aged as well – and they themselves want to keep young at heart and young in body like the youth in the community. And the Government considered that this area of land is ideal for that purpose; and the people themselves are very happy that consideration has been given to the acquisition of this parcel of land for the purpose which is described.

I beg to move that this Resolution do now pass.

Hon. L. S. CRAIG (St. James North): Sir, I rise to support the Resolution, as the confirmed representative for St. James North and *de facto* rep for St. Michael South, I really salute my colleague for bringing this Resolution before Parliament.

I know that Senator Barrow, the Honourable Minister of Foreign Affairs, from the Other Place played a very important role over the years in getting that community centre there. I had given it thought when I was in the Opposition, I used to be crying on the shoulders of the Government. It has taken some nine years for such a Resolution and such a facility to come to St. James North at Weston. The reason why I am particularly happy is that this was the place that gave birth – I can put it that way – to my political career because it was just a matter of five yards or thereabouts that I made my first public speech, my first baptism to public life.

I have observed in recent times that the neglect of the constituency of St. Michael South is more dreadful than I had thought. I lived in that constituency for 26 years.....

12.25 p.m.

Mr. SPEAKER: Where are we acquiring land?

Hon. L. S. CRAIG: We are dealing with the acquisition of land in Weston, St. James. But this also involves Government finance, so I can deal with an acquisition in another area in asking my colleague to acquire certain pieces of land in other areas. It involves Government financing for recreational purposes.

Mr. SPEAKER: We are talking about acquiring a certain portion of land at Weston, St. James. That is the substantive motion before the House.

Hon. L. S. CRAIG: Out of the Consolidated Fund, Sir.

Mr. SPEAKER: I do not see that.

Hon. L. S. CRAIG: I am telling you, Sir, I know it is a fact of life, and you will agree with me, that to

acquire any land at all in Barbados by Government, the funds will have to come out of the Consolidated Fund, and this is a Resolution that involves Government finance. I am therefore appealing to the Chamber that, when the occasion arises, the same facility which has been granted in St. James will be granted in St. Michael South. It has been so depressed over the years that it grieves me to know the person who has represented it, Sir.

Mr. SPEAKER: Let us acquire the land at St. James and stay in St. James for the time being.

Hon. L. S. CRAIG: As I come out of St. James you know where I will eventually end up, Sir. Thank you for asking me to remain in St. James for the time being. In a few months, or weeks, or so, I will be in St. Michael South.

Mr. SPEAKER: That is a different matter.

Mr. W. O. FRANKLIN: Mr. Speaker, I seek to find out under this Resolution if the appropriate Ministry would give us some indication as to what is the policy for the use of schools for community purposes in those places where there are no community centres. The reason I seek to find out this is that we seem to have been getting some problems in the Church Village area recently by community groups in the use of these schools: I want to know if there is any fixed policy on the use of schools where there are no community centres for community activities.

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

VESTING OF LAND IN THE ROMAN CATHOLIC CHURCH

Order No. 3 was called – To move the passing of a Resolution to approve the vesting of land at Jemmotts Lane and Bay Street, St. Michael, in the Roman Catholic Church.

Hon. L. B. BRATHWAITE (St. Andrew): Mr. Speaker, this Resolution should have been before the House before, but there were a number of little problems. It is just a small strip of land, and Government also owns other land where the land is situated.

There was a question of tidying up the corner around Jemmotts Lane and Bay Street. There was an old building there and at one stage the Catholic Church had offered the building to the Government to construct a sidewalk. Before the Government could have decided, the church pulled the building down and there was a question of encroachment on the Government land and the Government encroaching on the church's land as well. There were some difficulties in getting the surveyor's plan in order to regularise the whole situation.

We have now decided on an exchange between the Government and the Roman Catholic Church. That is all it is. A valuation was made of the two parcels of land and an

amicable solution has been arrived at. The church is quite happy and the Government is satisfied that the best has been done in terms of justice to the Government and to the church.

I beg to move that this Resolution do now pass.

Hon. H. deB. FORDE (Christ Church West): Mr. Speaker, I rise to second the Resolution and to make two comments. One relates to the existing Crown Lands (Vesting and Disposal) Act. I believe that the time has come when Parliament should seriously look at revising and reforming this Act. It does seem to me that a great deal of parliamentary time is taken up with these Resolutions for compulsory acquisition, whereas it is possible under the Act to safeguard the interest of the public by bringing Resolutions that are subject to either, preferably, negative votes, or, if necessary, affirmative resolutions. I would think that the former is preferable since it would certainly save time. I believe that large areas of policy can be debated under such Resolutions should either the Opposition or any Member of Parliament of the backbench wish to raise the matter.

The Crown Lands (Vesting and Disposal) Act is a very old bit of legislation. It is a hodge-podge of various Acts. It has never really been seriously rationalised, and perhaps the Minister will give consideration to looking at a reforming Act.

The other aspect of this matter that concerns me is that, very frequently, the Crown acquires land under the Compulsory Acquisition Act and then it wishes to vest the land in a Government statutory corporation, and the Crown then returns to Parliament, because of existing legislation, to vest that land in the National Housing Corporation or in the IDC. It seems that we ought to rationalise the various Acts containing provisions dealing with the acquisition and vesting of lands.

The second comment which I should like to make relates to congratulating the Government on coming to an amicable solution of this matter with the Roman Catholic Church. It was not so long ago when the corner of Jemmotts Lane was a complete blind corner. We have now removed that, and there is a parking area used on behalf of the main Government institutions in that area, the Welfare Department and the Ministry of Education. But it seems to me that the opportunity ought to be taken to beautify that old area near to the Roman Catholic Church. The church is aesthetically extremely pleasant; it is probably one of the outstanding examples of very good architecture. We have on the opposite side of the road what is referred to as the old Eye Hospital, which again is architecturally of a great interest and worthy of preservation, and not so far from that is the building which now houses the Child Care Board, an example of outstanding Caribbean architecture, with windows that are referred to as "coolers". It seems to me that consideration should be given by the relevant

Ministry to assisting the church if necessary, and if not on behalf of the Government on government's part of the land, to beautifying this part of Bay Street. I trust that some thought will be given to this.

Very often, on other Government lands we find that development takes place without the follow-up of considering the environmental improvement. For instance, at the corner of Dayrells Road, St. Matthias, we have got rid of the old bath wall, but the eyesore of the area remains unbeautified and without the aesthetical value being improved. I believe in cases such as these that co-ordination should take place between the relevant statutory authorities and the Government agencies to make sure that we include the total environmental conditions.

I welcome the Resolution, and I am sure that in future one will see the beautification of the corner of Jemmotts Lane, Bay Street.

Hon. L. B. BRATHWAITE: Mr. Speaker, I welcome the remarks made by the honourable Member for Christ Church West (Hon. H. deB. Forde) with respect to the reforming of the Crown Law (Vesting and Disposal) Act. 12.35 p.m.

On a number of occasions I have had to say a few things about that Act. Another thing about that that I rather dislike is coming to Parliament and calling the names of people, though there should be nothing to hide in these matters. Sometimes people are very reserved and they do not like to think that they are having their names called in Parliament. Sometimes they think that, for some reason or another, somebody might want to attack them for having bought something, and that is one part of the arrangement which I do not like.

I support the views expressed by the honourable Member that there should be reform of the Act, and so, to some extent, lessen the need for all matters to come before Parliament. I will bear in mind the views expressed by him. Those are the views which I also hold.

With respect to areas and the beautification thereof after Government sells or buys, I am happy that the Minister responsible for the Environment is present. I hope that he will take note of the views expressed. However, in communities we should have civic-minded people who will form themselves into groups and make sure that areas which are devoid of beauty are beautified. Too often people believe that Government should do everything. Government must tax the populace to find the money, and with civic-minded people in the community carrying out these functions, Government would not have to do it.

I believe that at the Catholic Cathedral in Jemmott's Lane, there are noble-minded people there who would come out and try to beautify that area. Part of the area is owned by Government and Government would be

pleased to think that church workers would be willing to beautify the area which is around there. Some pots or some cut cans with some plants would go a long way towards the beautification of that area.

Government has recently carried out some works in Bay Street with respect to a number of objectional looking buildings and I am sure that the present, if not the future, representative for St. Michael South (Mr. L. E. Sandiford) would be happy to see a beautiful scene as you drive along Bay Street coming into Bridgetown or going out of Bridgetown. The Government has started the programme of the beautification of the whole Bay Street area and in the fullness of time will put into operation the plan that was beautifully conceptualized by the late Bob Hill — I think he was the architect who did it — for that whole area. We share the view that not only bay street, but all parts of Barbados, wherever possible, should be beautified.

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

COMPULSORY ACQUISITION OF LAND AT KINGSLAND PLANTATION, CHRIST CHURCH

Order No. 4 was called — To move the passing of a Resolution to approve of the compulsory acquisition of land at Kingsland Plantation, Christ Church, for the construction of a Secondary School.

Hon. L. B. BRATHWAITE (St. Andrew): Mr. Speaker, the purchase of this land is to carry out part of a continual programme of school building and replacements which form an agreement with the Government and the World Bank.

In 1979, a parcel of land was purchased for the construction of this school. It was subsequently discovered that the land was not the most suitable for the construction of this school, and the Ministry of Housing and Lands and the Ministry of Education set about to look for a more suitable area of land. They wanted land up in the catchment area of what is regarded as the most booming area for school children to put the physical plant. It was discovered, after a very good look, that the spot of land at Kingsland would be most ideal for this purpose and we have decided to purchase the land.

This is straightforward. The land already acquired will go towards housing and recreational purposes. It would take light timber houses and concrete houses, but will not be able to take the load of a structure of the nature of a school. This piece of land will be in substitution for the parcel which was bought in 1979.

I have great pleasure in moving that this Resolution do now pass.

Hon. H. B. St. JOHN (Christ Church East Central): Mr. Speaker, I have great pleasure in seconding this Resolution.

The effect of this Resolution will be to change the site from Christ Church East Central to one in Christ Church West Central. That does not matter to me. The needs in that area are so great that the important thing is to have the school built as quickly as possible to accommodate the large number of children who now live in this area, the Kingsland/Wotton/Kendall Hill/Vauxhall and Maxwell Hill area. Over the last ten years, I believe that probably no less than 1,000 to 1,200 new houses have been built there, or 1,000 to 1,200 house lots have been sold as a result of the various sub-divisions that have taken place.

Part of the area which was originally scheduled for the school will be used for the development of a contingency drainage plant. The balance, which is on high ground and where the large majority of the school was originally designed to go, will now be used as part of the sites and services programme of the Ministry of Housing. The abandonment of the original site will not mean that nothing will be done on all of the land.

Asides.

Hon. H. B. St. JOHN: The honourable Member does not even know where this area is. Why do you not get some briefing from the honourable Member on your left? He knows that this area will be greatly enhanced, much to his mortification, because he sees now that there will be another bit of tangible evidence of the good work that the Government has done.

Asides.

Hon. H. B. St. JOHN: His efforts will have to be redoubled if he is to continue to keep that small percentage of the majority that he has! He sees it dwindling now with this scheme coming into operation!

The other point we have to make is that this area of land has become more accessible because of the passage of the Airport to West Coast Highway. I believe that this part of the plantation is going to be virtually sliced in two, and the area of land between Silver Hill, Maxwell Hill, Kendall Hill and the highway will now be under pressure for development. We are, of course, going to have an alignment and an area which will be earmarked for a buffer zone, so there is no question at all of the school being affected by traffic noises or anything of that kind.

12.45 p.m.

I hope that we get on with this development. As it is well known, the Government is hoping to receive a loan from the World Bank to build this school. My understanding is that the discussions for the second World Bank loan are progressing at a rapid pace. They are taking place because of the fact that, with the exception of one or two difficult problems that we had with the disbursements of the first loan, all of the conditions of the World Bank have been well satisfied and, therefore, we are regarded as being good clients for a second loan.

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

COMPULSORY ACQUISITION OF PARCELS OF LAND FOR THE CONSTRUCTION OF THE AIRPORT TO WEST COAST HIGHWAY

Order No. 5 was called – To move the passing of a Resolution to approve of the compulsory acquisition of several parcels of land for the construction of the Airport to West Coast Highway.

Hon. L. B. BRATHWAITE (St. Andrew): Mr. Speaker, a lot has been said about acquisitions for the Airport to West Coast Highway. When on two other occasions I moved Resolutions in this Honourable House, I was at pains to point out a number of problems to highlight a number of things. I do not propose at this time to do so with this particular Resolution.

The plans for the present acquisitions which we are dealing with today were not ready at the time when the other acquisitions were dealt with. I do not like to come to Parliament unless the plans are ready, and it should not be so either, but this Resolution is before us to bring to finality the number of acquisitions which we have to deal with with respect to this important highway.

I prefer to be brief in this introduction and to answer any questions which honourable Members might consider necessary to ask.

I beg to move that this Resolution do now pass.

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

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

STAMP DUTY (AMENDMENT) ACT, 1985

Order No. 6 was called – To move the Second Reading of a Bill to amend the Stamp Duty Act.

Hon. H. B. St. JOHN (Christ Church East Central): Mr. Speaker, this Bill arises out of the proposals in the Budget delivered earlier this year, to ensure that those areas of the economy which are not subject to Stamp Duty are able to get their refunds in a speedy and timely manner.

The first thing about this Bill that I would like to say, is that, notwithstanding the gloomy prognostications on the other side, and in particular the honourable Member for St. Philip North (Mr. W. O. Franklin). He predicted on the floor of this House that at least four per cent increased inflation will take place as a result of the Stamp Duty. His predictions did not come into force.

Asides.

Hon. H. B. St. JOHN: The honourable Member says that it is still early. Up to the month of August, the cost of living was going down – minus points. Between December last year and the end of August this year, the

cost of living increase in Barbados was less than two per cent.

Asides.

Hon. H. B. St. JOHN: Less than two per cent! I know the honourable Member who is trying to interrupt me is a master in this area. He successfully presided over 40 per cent, according to his own manifesto, so I am not going to deal with the honourable Member today. All I am saying is that the cost of living during the last eight months has risen by less than two per cent. Stamp Duty was increased in the Budget at this time last year, and further increased in April, and notwithstanding that, the cost of living has not gone up by two per cent.

The position is clear; there is no great difficulty about it; there is no mystery about it. Barbados, being tied to the U.S. dollar, finds itself in a position, with the rising U.S. dollar for most of this period, where the goods that have been imported in Barbados from currencies that are not tied to the U.S. dollar have actually cost less. There is no big mystery to it. That is one of the benefits you get. But on the other hand, you have disadvantages, too. The disadvantages that you have is that your cost here in other currencies.....

Asides.

Hon. H. B. St. JOHN: I am sorry that the honourable Member has been deprived of the opportunity, by the recent reshuffle, to talk on this matter from a position of strength. I see that he has accepted his position, as one has to in these political games. You have to accept the position and move from the front to the back. But I will give the honourable Member the consolation that he should not allow that to worry him, because many people have moved from the front to the back and have come back to the front. The honourable Member does not have to worry.

Asides.

Hon. H. B. St. JOHN: He can come back now, but a little later he may have to go to the back again. The position is that, all through the Caribbean, Governments have had to deal with the question of revenue reductions because of the import prices being invoiced in currencies other than the U.S. dollar. All of the countries in the Caribbean have increased their Stamp Duty, so do not let us fool ourselves. We have also created a mechanism which is working quite correctly, that is, that for exporters the Stamp Duty is remaining. Within CARICOM, with the exception of Jamaica, because of that situation it means that at the country of consumption the Stamp Duty is paid in accordance with the rate prevailing there, and that the exporters only have to pay interest on the amount of the Stamp Duty that they have paid pending rebate. We are computerising this area, and we hope to have great improvements in the situation in which the rebate takes place.

12.55 p.m.

There have been a lot of improvements at the Customs — do not let us fool ourselves — tremendous improvements. This Government — and I take great pride in that — from an early date insisted, particularly in the last Budget, that we were going to go out and improve law enforcement in Barbados. We started with the Customs, following on the work that was done on Land Tax previously, and we are now moving into the Inland Revenue Department.

It is the aim of this Government that every container that comes through Barbados at the port and airport should be searched. Recent events have indicated very clearly that there is a gang of vagabonds in existence throughout the Caribbean who are trying to subvert the young people, and the people who are weak, and we must stop that subversion. The port and the airport are two target points, particularly in relation to the collection of revenue, invoicing, and things of that kind. All those who feel that they are above the law will know and understand that the arm of the law is strong enough and long enough, as I have repeatedly said on the floor of this House of Assembly, to reach them. All of them who are the Stamp Duty evaders, the Consumption Tax evaders, the drug dealers and things of that kind must understand that the machinery of this Government is bigger than they. Nobody is to be above the law in this country. All of the noise that they make, all of the talk they give about the Government and its machinery, will not prevent this Government from enforcing the law, whether it is related to Stamp Duty, Consumption Tax or narcotic drugs.

We are also going to put back something. Having taken out by way of the Stamp Duty, we are doing a total revision of the machinery, a monitoring of imports, and we hope to have a full computerisation at Customs. We have some consultants helping us, and we have greatly increased the staff at Customs. We want to improve the quality. Honourable Members will note in the Civil Establishment Orders how we have created promotional opportunities in the Customs, and I want to praise the Customs people. We have a few obstructionists in there, too, but the Public Service Commission will deal with them. There are a few people who do not want us to carry out the reforms, but the reforms are going through.

Aside

Hon. H. B. St. JOHN: I am not saying where they are, you do not know who is who today. The point is that the reforms are going to be implemented in such a way that we will be able to have timely and up-to-date information.

I want to mention this, because representations have been made to the Ministry by some of the manufacturers about the documentation that they need to

have to get their rebates. I have personally listened very carefully to them. The Government is very, very sympathetic to the reduction of documentation. But I want to make it clear — it is very difficult for the Government to deal with people who have no books at all. The Government cannot deal with people who have no books at all. I think that as a contribution in this International Year of the Youth, to the young people, some of these manufacturers who have no books at all should at least hire some of the accountants that are coming out of the University of the West Indies now that we are seeing the benefits of the wisdom of the decision that the Government took in trying to encourage the University to at least have a degree in accountancy. The flow is increasing. There should not be any difficulty in being able to hire an accountant today.

I see the honourable Member opposite me smiling. I am sure that he is aware of the fact that a tremendous increase in resources is about to take place at an institution with which he is not unfamiliar, which will also help to speed up the number of people who have been exposed to certain areas of discipline in this area, business studies. You cannot operate in the last half of this century upon the basis that, if you are asked for reasonable book-keeping records you say you do not have any. This is foolishness. I cannot tolerate that situation. I say that openly. I cannot tolerate a situation in which we are being asked not to require the most elementary of book-keeping records. I cannot tolerate it. If you cannot keep records, how do you know your costs? How do you know your costs if you do not know what your input of costs is? That is what we have to deal with.

I have been assured that all of those firms that keep records have no difficulty in getting their refunds, so it does not matter to me whether I am abused. Of course, I cannot be abused now by some of them, temporarily at least — where they are and how they are — they cannot get the opportunity to abuse me. Circumstances have dictated that I cannot be abused by them, and I hope I will not be abused for a long time, but I have been abused, and the Government has been abused, on the ground that we have too much red tape in respect of books. You must keep books. You are supposed to keep books for the Consumption Tax. I am being written — I have given it sympathetic consideration — and asked to forgive some of the arrears on the ground that they did not have their books up-to-date and they did not know how much they had to pay. I do not know how they knew how much they were costing. I really do not understand it. We are in a difficult position in this country when people write to the Government and say that they do not have books and they cannot keep the most elementary books. We are in a serious position if that is the standard of the entrepreneurs that we have. Again, I must repeat the question, if you do not know what your costs are, how do you know how to price? That is a serious problem.

We are giving sympathetic consideration to these people, and I think the best thing we can do for them is to let them understand that they must keep books. If they get that in their heads, we can then help them keep the books. We can help them by creating institutions so that the books can be kept for them. You can have management consultancies, you can have consultancies in relation to accounting firms and things of that kind. We have relaxed the law greatly in respect of the requirements for qualifications to be public accountants. Under the new Companies Act you do not have to be a chartered accountant to be a public accountant.

The National Training Levy Fund has channelled thousands of dollars into BIMAP — BIMAP is one of the big beneficiaries of the National Levy Funds — to teach people accountancy. There are a lot of BIMAP courses in accountancy. You can get a diploma in management from BIMAP now, with a lot of concentrations. So they must not think that by screaming and shouting that we have too much bureaucracy they are going to move me. I will not be moved by any screams or any shouts, at least not of an unreasonable kind. After all, the honourable Member for St. Michael South Central (Dr. R. C. Haynes) has tried that all the time. He cannot move us by any shouts, and he is a past master at that. The position is that there must be books.

1.05 p.m.

I would like to see the day when we reach such an advanced stage in computerisation that we have a master terminal in the Customs, every registered duty free shop has a terminal and whenever duty free is bought, it automatically reflects not only in the cash register of the shop, but it reflects in the cash registry of the Customs. I would like to see that day. There would be no difficulty then. I know one sure thing; we will be getting all of our revenue. That is not an impossible thing, because if you go abroad today and you look and keep yourself up-to-date on these things, you know that central warehouses have systems now, particularly among supermarket chains in which there are a large number of distributing outlets, which automatically reflect the sale of each individual item and they are able to tell you what the stock in any supermarket is. I would like to see that day. That would be a solution, but I know that we would have resistance. I would even go so far as to say that the Government should buy the whole computer system and put in the terminals. I would go that far, because it would help us. That would help us to get around the book-keeping. We are really thinking of these things, and I feel that what we are requiring is not unreasonable.

I have great pleasure in asking the House to pass this measure. I am sure that all honourable Members in this House have noted the progress that has been made in the department that has to enforce these laws and I trust that greater progress will be made, so that we will forever live up to our reputation as a people who believe in law.

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

Hon. L. S. CRAIG: Mr. Speaker, I beg to second the motion and reserve my right to speak.

Sir, at this point I may draw to your attention the absence of the Chairman of Committees. At the appropriate time when the House should go into Committee, I shall be seeking the support of both sides in proposing that the Member for Christ Church West (Hon. H. deB. Forde) take the Chair during the absence of the Chairman.

Dr. R. C. HAYNES (St. Michael South Central): Mr. Speaker, I rise to make a few remarks in response to the general principles underlying this Bill and to respond to some of the not too carefully thought out comments of the Honourable Prime Minister as he made his presentation.

The Bill seeks in some way to redress some of the wrongs done to the manufacturers in this country and, presumably, to reduce somewhat the cost of manufacturing and to enhance the competitiveness of our exports in external markets. I believe that if this is the fundamental reason behind the Bill, which I consider to be the most important aspect at this time, then I think the mechanisms being used in the Bill are inappropriate and will not lead to the result which one would expect.

I believe that it is essential at this stage in Barbados, with the virtual collapse of the manufacturing sector, particularly the non-enclave sector, and the loss of thousands of jobs, to pursue a programme which will reduce the overhead costs of manufacturing in Barbados. This Bill does not deal with this particular problem.

Only recently, I believe a study by the IDC — I have not read the study but I saw a summary as reported — indicated that one of the high cost areas in respect of production in Barbados is the cost of raw materials. The facts are that most manufacturing concerns in Barbados are under serious financial pressure, and they should not be called upon to pay any 12 per cent Stamp Duty for goods which will be incorporated in the manufacturing process for re-export. When a manufacturer is asked to pay 12 per cent on the cost up front, it means he has to pay 12 per cent to the Government, and very often, that 12 per cent consists of borrowed funds. Therefore, he is probably paying another 12 per cent on the 12 per cent which he has put up front to the Government, thereby increasing the cost of the raw material component of his operation, reducing job opportunities and increasing his cost of manufacturing and, therefore, reducing his capacity to compete efficiently in the external world.

Hon. A. TRUSS (St. Michael Central): Mr. Speaker, on a point of order: I would just like to put the honourable Member right, I think he is misleading the House. As far as I understand it, there is a rebate on the Stamp Duty that is paid by the manufacturers. The honourable Member is making out a case to the effect that they have to pay this 12 per cent and this is why it is affecting their production capacity and the cost of goods.

Mr. SPEAKER: That is not a point of order. The honourable Member is entitled to make that as a point in his speech when the time so arises.

Dr. R. C. HAYNES: I believe that another mechanism can be used whereby the Stamp Duty is not paid at all, unless the goods are imported and not incorporated into exports; that is, if the manufacturer can present evidence that a given amount of material is imported for the purposes of manufacturing, then the goods would come in at that point free of Stamp Duty. Then, if he fails to produce documentary evidence that the goods have been used in export manufacturing, then, it is only at that point that he should be charged a Stamp Duty for the goods which have been imported but not incorporated in an export exercise. I believe that this will result in substantial reduction in the cost of manufacturing and would also be a major factor in the capacity of this sector to stem the haemorrhage of jobs which has taken place in manufacturing.

1.15 p.m.

The honourable Member made a great play of the fact that there has been some abatement in the rate of inflation in Barbados, and that it was incorrect to assume, or to have stated, that the inflationary impact of the increase in stamp duties would be to the order indicated by honourable Members on this side. Having made that statement, he then tried to justify his position by referring to exchange rate problems as they affect the cost of living and inflation in Barbados.

It is a fact that stamp duties are inflationary. And when they are now being increased to the level of 12 per cent, it means that people have to pay 12 per cent more for food, 12 per cent more for medicines, 12 per cent more for everything that comes into this country. The 12 per cent is built into the cost — if the 12 per cent was not there, it would be 12 per cent less minimum to the importer — and then all the prices are added on in relation to that. So, in fact, not only are they inflationary at the point of entry, but they are also inflationary in that they generate price increases far in excess of the amount of tax actually levied by the Government. That is an essential feature of all indirect Government taxes, particularly taxes like stamp duties, which are charged on goods entering this country. The

amount of tax levied by the Government may be X, but the price effects of the tax would be $X + Y$ because of the mark-ups as the item goes through the wholesale and retail process in a free, open society such as we have in Barbados.

The facts are that these stamp duties have increased the cost of living substantially, have increased the cost of manufacturing and have had a negative impact on the competitiveness of the tourist industry. There can be no doubt about that, because it is an integral factor in the cost of imports that go into every single activity in Barbados, whether for consumption or whether it relates to the industrial, tourist or any other sector in Barbados. It is my view that the Government has certainly gone too far in the levying of stamp duties and that they have had a widespread effect throughout the community, not only in terms of prices, but also have informed the factors which have led to the debilitating of many businesses in Barbados, and have contributed considerably to the weakening of the activity in the private productive sector in the country. That holds good for all taxes, and one is going a bit far when one gets in to the range of 12 per cent for stamp duties.

There was a time in this country when stamp duties yielded less than \$1 million — before this Government took over. Now, you cannot be sure — there has been all kinds of arguments as to the actual yield — but the original assumption was, back in 1979/80 I think, that for every one per cent you get about \$8 million, but with the severe compression of the economy, I believe this may have dropped to about \$4 million or \$5 million now. I have not checked the figures recently, so I would not like to say how much it is.

The fact that the inflation rate is two per cent, three per cent or four per cent.....

Hon. H. B. St. JOHN: No, no! Less than two per cent. That is what I said.

Dr. R. C. HAYNES: Less than two per cent.... is a direct result of two things: severe contraction in economic output in Barbados — that is inevitable — and, secondly, the influence of exchange rates on inflation in Barbados. Many people have forgotten that it was this side which took the important step in 1975 to tie the Barbados dollar to the United States dollar, with dramatic impact on inflation in Barbados. When the Democratic Labour Party left office, the inflation rate was less than 2 per cent — but in a growing and expanding economy. Yours is less than 2 per cent, in an economy that cannot even support jobs for 70 per cent of the available work force! That is the difference. The big difference is that we were able to reduce inflation whilst expanding the economy. Inflation rates have fallen in Barbados as a

result of severe contraction of the Barbados economy and massive joblessness. They are two different things altogether. What we want to see is controlled inflation with economic growth. That is what we want to see in Barbados. They are two different things altogether.

If you want to fully appreciate the severity of the impact of taxation in Barbados on prices, one has to recognise that we have still remained one of the most expensive countries in the world, and let us face it. Barbados is one of the most expensive of the countries I have seen in the world, and I have visited a lot of countries, in the last three months in particular. We have this high cost of living structure in Barbados, despite the fact that the US dollar, to which we are tied, has appreciated over 65 per cent in the past five years against all other currencies. In other words, if we have been feeling the full benefits of the appreciation of the United States dollar, to which we are tied, then the inflation rate and the cost of living in Barbados should have been considerably lower, were it not for other domestic factors, which have tended to keep prices up at extraordinary levels. That is the point I am making, that pricing structures are so sensitive to exchange rate situations in Barbados that one should have seen an even more dramatic effect on prices because of the massive appreciation of the United States dollar. It is therefore all the more important that Government should watch the impositions that it is making on the productive sector in Barbados through taxation, because if you are faced with a dollar which is tied to the US dollar, which has appreciated significantly, it means that you are going to be relatively uncompetitive when you are exposing the areas which are outside the dollar area. It is absolutely important that you should look very carefully at what Government is doing that has resulted in the higher price levels which the productive sector in Barbados has to face.

1.25 p.m.

One of the reasons, why Government has not been getting the levels of revenue, and perhaps why there has been a slight abatement of the impact of stamp duties, is not only the exchange rate problem, which would operate beneficially in this situation, but the fact is that over the past nine months there have been concerted efforts by many importers in Barbados to achieve some significant trade deflections. There are many people who, over the last nine months, have been importing from Europe. I have gone to the supermarkets and seen items which were not on the shelves in Barbados a year and a half ago. I am pleased that the manufacturers and the other importers responded to the suggestions from this side of the House and shifted some of their trade to the non-dollar area. This, of course, would have impacted on Government's receipts from stamp duties, but, nevertheless, the consumers would have got some items at a reduced price. Those are the factors. It has nothing to do

with Government or nothing to do with the basic factor of the impact of these stamp duties not only on the consumers, but also on the cost of production in Barbados.

There is also another problem which is of very great concern to me, we have raised this matter again and again on the floor of this House. We are not satisfied that regional interests are best served if the various CARICOM countries find themselves in a position where they have to be imposing an increasing number of impositions or imports from each other's countries. This is something we have to watch very carefully, because it has become abundantly clear to me that our manufacturing and our agricultural efforts, which are part of manufacturing in the long term, is going to be very dependent on an expanded regional market. Your domestic market is not large enough to provide for economies of scale or for adequate levels of production. Therefore, any impediments, for whatever reasons, that are put on to hinder expansion of our domestic market into the wider regional market, I think, in the long term, will do considerable damage.

It is a pity that there is not a continuing dialogue within CARICOM on this particular matter. I believe that if the suggestion made by the Deputy Leader of the Opposition, the honourable Member for St. Michael South (Mr. L. E. Sandiford), who will also be the Member for St. Michael South after the General Elections,....

(Mr. B. M. TAITT: Hear, hear!)

Dr. R. C. HAYNES: If his suggestion has been taken up in the various Parliaments throughout the Caribbean, that there should probably be a Caribbean Parliament where matters like the impact of stamp duties and current.....

Mr. SPEAKER: I think we had better stick to the Stamp Duty in this Parliament and let us get on with the substantive matter before this House.

Dr. R. C. HAYNES: I shall be very pleased to do so, Sir.

Mr. SPEAKER: Thank you.

Dr. R. C. HAYNES: It is a matter of regret that the Government finds itself in this position. I believe that the Honourable Prime Minister, having been Minister of Trade, having been shouting up and down the Caribbean that he is a great regionalist, deep down inside must feel that it is a matter of regret that he has been talking in the House today about bringing stamp duties up to 12 per cent in line with other Caribbean countries, when, in fact, he would prefer not to be using this mechanism at all in relation to trade within the Caribbean.

I want to respond to the question of efficiency of the Customs. For some time now there has been some argument as to what should be the yield from stamp duties in Barbados. The last time this matter was raised, I am not sure whether it was in this Parliament or a previous Parliament, it was estimated that the total imports in Barbados at that time amounted to some \$1 billion or thereabout, and that re-exports amounted to about \$300 million. Whatever, it was a figure of between \$700 million and \$800 million which should be the base for yield from stamp duties.

Asides

Dr. R. C. HAYNES: I said there was an argument.

Your predecessor conceded in debate that he could not quite understand what was happening in relation to the yield from stamp duties. The fact is, when it was two per cent, it yielded \$16 million. With subsequent increases, it has never got that kind of yield. One has never got a yield anywhere in the region of \$7 million to \$8 million per \$100 million of imports. Originally, it was about \$8 million. If you check the Estimates, you would see that that is a fact.

(Hon. H. B. St. JOHN: Because you do not understand.)

Dr. R. C. HAYNES: So if two per cent resulted in about \$16 million, then you found a situation where it was estimated, at the time of the last Mini-Budget, that a five per cent increase in stamp duties would yield only \$20 million. That was the projection in the Mini-Budget of October, 1984. Although I speak on my feet, I could remember very vividly the debate that took place here late in the evening. It came to approximately \$4 million. There has never been any adequate explanation. Even if you subtract re-exports and you subtract all the non-eligible goods, surely when you just look at food, medicines and clothing and so on, you would see that it must be more than \$400 million in goods coming into Barbados that are subject to stamp duties, which raises the question of the adequacy of collection. This is the point that I am getting to.

(Hon. H. B. St. JOHN: Are you not pleased with the collections? I am.)

Dr. R. C. HAYNES: We have been arguing for some time and have been calling on the Government again and again to look very carefully and see what is happening in the Customs and other related law enforcing agencies in Barbados. I can recall bitter debates on the floor of this House. But I am pleased to hear the Honourable Prime Minister today giving the country an assurance, for the first time, that serious steps would be taken to control the flow of illicit drugs into Barbados.

through the Customs or through the harbour or through the airport. For the first time, I have heard that unequivocal assurance given to this nation, that the firmest steps would be taken.

The second point relates to the question of invoicing. I believe that there is a problem relating to invoicing which is impacting on the yield from taxation in this country. I believe that the Government can be more active in this area. There are mechanisms by which other countries have been able to overcome this problem — whereby an importer may under-invoice items which he is bringing into the country, so as to reduce his liability for taxation — the invoice would show one price but the exporter would get another price. Whereas the Government revenues would suffer, those importing goods would continue to make profits as usual, and eventually, the Government would have to turn to other sources of taxation, usually the poor people of this country, like those on this side.

Laughter.

Dr. R. C. HAYNES: The poor people of this country. That is how it works.

There are ways and means of checking under-invoicing. I would suggest that the Government probably should seek the help of countries like the United States and the United Kingdom and one or two Third World countries that have had experience in this area and know exactly how to deal with the matter of controlling under-invoicing.

I believe I have come to the end.....

(Hon. H. B. St. JOHN: You are sure right. You are running out of time!)

Dr. R. C. HAYNES: I am not running out of time.

(Hon. H. B. St. JOHN: You want the umpire to bail you out!)

1.35 p.m.

Dr. R. C. HAYNES: Mr. Speaker, I have addressed myself to the general principles involved. I have quite properly, Sir, in accordance with the best debating principles of this Chamber, limited my reply to those extraneous matters raised by the Honourable Prime Minister. At this point I will rest. I will not raise any extraneous matters, because I do not think that I will be permitted to do so, and that will not be in the best traditions of this Parliament.

Hon. L. R. TULL (St. George South): Mr. Speaker, the honourable Members who spoke on this Bill have put the debate in two perspectives. I will deal with one side

of it and I hope that someone on this side will deal with the other aspect.

The honourable Member for St. Michael South Central (Dr. R. C. Haynes), master of hyperbole, in his usual fashion makes a number of extravagant statements that are unrelated to the reality of the situation. It is very easy to get up and say that a 12 per cent Stamp Duty has increased the cost of living by 12 per cent — he said that it is built in the cost — but ignore the fact that the inflation rate is below 2 per cent. It is also very easy to make statements that the manufacturing sector is virtually in a state of collapse, particularly, as he said, with the non-enclave sector. And there are a number of other statements that he has made, which I will not bother to deal with, but which are typical of the kind of demented statements coming from the Opposition in the area of industry and manufacturing. For instance, the honourable Member for St. Michael West (Mr. B. M. Taitt), in an interview over the weekend with a newspaper, emitted a flow of tasteless effluent that he called a debate. He attacked the people in the Industrial Development Corporation and thereby lost any last friend that he might have had in there, because the attack was in a very large measure personal and unwarranted, based on wrong facts, wrong figures, and wrong statements issued by the Industrial Development Corporation.

This debate should take place within the context of what are the real facts existing in this community and in the larger community of which we form part. Everybody knows that in the last four years the world has gone through a more brutal recession than it has in the 1930s. Indeed, only this week I have been reading that some analysts are saying that the recession in the last four years was more devastating in its effects on the economy of the United Kingdom than that in 1933. Therefore, to make these rather specious arguments in a vacuum, unrelated to the reality of the situation in which we are operating, to me is short-changing this Chamber. I almost said short-changing the person who spoke, but that is very difficult to do.

We are going through a period where the world economy experienced the kind of disequilibrium that we have not seen for 50 years. While we hear about the exchange rates, the exchange rates have been widely fluctuating, so it is difficult to plan. I remember that in February of this year the American financiers in Japan were already buying up the champagne and printing invitation tickets for people to come to the big party when the dollar and the pound hit parity, because at that time the pound was like \$1.04 to £1.05. This morning it is at \$1.40½, and it has been fluctuating at a rate during that period that makes planning extremely difficult. These are some of the situations, and in our context, we have to look at the price of sugar and a whole lot of

related issues before we make the kind of pompous, arrogant statements that we have heard in here today.

I have had the opportunity over the last two months or so to talk to a number of manufacturers in Barbados, individually, in groups, and in associations, and none of them — not a single manufacturer — has said to me during that period that they should not pay the 12 per cent Stamp Duty. What they are concerned about, and what they put to me over and over again, is that they would like a system devised where they will not have to pay the 12 per cent Stamp Duty up front for goods that are going to be re-exported; that they would like an arrangement whereby the money can be taken by the Government after. In other words, if raw materials are brought in for re-export, it is only that part of those goods that are not re-exported on which the Stamp Duty should be collected, and that is at the end. I have given them the assurances that I will take a look at the system and recommend — I am shortly about to do that — what we can devise to get around the system which ties up the cash flow, for several months in some cases, because it takes a long period before the money is repaid to them after they ship the goods out of the country.

Take the garment industry. You bring in large amounts of raw materials and the goods are for rates. There is an antiquated system where a customs officer has to go to the factory and watch the cutters cut the cloth in the lengths required for the garments. He must sit down a whole day and watch an operation such as that one. That is how we are operating in the 20th century. I believe something is wrong with that and I am looking at it, and again I am about to make certain recommendations in that regard.

I want to reiterate the point that they have not been complaining about the imposition of the 12 per cent Stamp Duty. As a matter of fact, some members of the Executive of the Manufacturers Association have said to me quite plainly that the Government has to collect revenue somehow — 'we are always asking for assistance and, therefore, they must have money somewhere to give us that assistance.' So while the manufacturers are not complaining about it, members of the Opposition want to outdo them in making all kinds of demands — no Stamp Duty, do not collect revenue. The policy of at least one member of the Opposition is, do not collect revenue, you tax too much you collect Stamp Duty, you collect too much of everything. Well, you cannot run the country that way.

We have also had the argument that Barbados is one of the most expensive countries in the world. The honourable Member for St. Michael South Central said that he has travelled fairly extensively over the last three months and he has evidence of that. I submit that I must have done three or four times as much travelling as that,

and I think that that is the kind of wild, unsubstantiated statement that takes the unsuspecting and the credulous easily, and they go out and float it around and pass it on and on. That statement is a statement of categorical untruth, and it is really unbecoming of any honourable Member in here to come and make those statements. Those are the kinds of statements you make down in the city when you are opening a new constituency office and you have a few people there who want to be fired up with a lot of wild palaver. We understand that that kind of statement is made in that environment, but we do not expect that kind of thing to be said in here.
1.45 p.m.

Aside.

Do you want me to prove what was said down at the meeting on the weekend at the opening of the branch in the city? Oh, that is not what you want to hear? I will give the honourable Member for St. Philip South (Mr. H. A. Blackman) a chance to talk when I am finished, but I am not finished yet.

Mr. Speaker, reference was also made to the cost side at the Industrial Development Corporation. That report was handed to me in the last two days — yesterday morning or something — and I went through it very quickly. Certainly nowhere in that report have I seen, either on the basis of the interviews they have had with the manufacturers themselves, or of the analysts inside the Department, that the cost the manufacturers are having in production, the production cost, is severely affected by the 12 per cent Stamp Duty, because this money is handed back to them after they export.

We have a lot of problems with the IDC rents, for instance, for the factories. We have done a study of that. I find that some of the rents perhaps need some reviewing, but I do want to caution that rents are an important part of the business of manufacturing. You cannot say I am not doing well because the rent is high. We find that the rent in many cases is only two, three and four per cent of the cost of production, and when we compare that with the cost of commercial rents for the rest of Barbados, and Bridgetown in particular, we find that the rents in that sector are very low. Nonetheless, I want to make it absolutely clear that I have great sympathy for the problems of the manufacturers in this country. There is no doubt at all that they are operating under certain constraints and difficulties, but the difficulties, to a large extent, are difficulties that arise out of no fault of the Government, or indeed, in some cases, of the manufacturers themselves.

We hear talk about CARICOM and dialogue and all of that. Everybody knows that there has been contracted demand in CARICOM in the last two or three years, and it is a fact that our exports to Trinidad and Tobago, for instance, have fallen off by over 50 per cent this year

over last year. I am not hearing about that from the Opposition; they are not concerned about that, somehow it is the fault of the Government. If Trinidad is beginning to have problems with their petroleum products, there is a fall in the price of petroleum and a cutback in production, and therefore their income from the petroleum has fallen catastrophically; if it is that they have put too great an emphasis on petroleum over the last decade to the neglect of other areas, and now they want to do a re-adjustment they find that it is taking them a little time, these things have to be considered. The fact is that throughout CARICOM there has been a weakening of demand for exports from Barbados, and that must have an effect on the situation in the manufacturing industry in Barbados. But you hear about dialogue. There is continuing dialogue — it is more than one party so there cannot be a dialogue, but certainly dialogue between us and the individual countries in the CARICOM region. I do not want to use these words wrongly, not like the honourable Member for St. Michael West who talks about a “cacophony of bad management.” When I was at school and they taught me Greek, they always told me that “cacophony” means ‘discordant noises.’ I have never seen words so badly misused, but when you have nothing to say these things happen to you. When you want to use big words and you have nothing to say, you use them badly.

Aside.

Hon. L. R. TULL: When I went through the interview, since he is interrupting me again, I saw some classic examples of malapropisms, but he is a genius at that.

I also want to say something in relation to the industry and its promotion, because that has taken an unmerited beating. The expert who has all the answers decided to kick everybody in the shin and come out with no solutions. It is not true to say that no industries have come into Barbados in the last two or three years. That is a diabolical untruth too, but again one gets accustomed to these things. Worst of all, the honourable Member says to the whole of Barbados that he brought three new industries into Barbados, and when I called the Industrial Development Corporation.....

Mr. B. M. TAITT: On a point of order, Sir: The honourable Member did refer to “the Member for St. Michael West”, and when he says “he” he refers to that Member. The honourable Member is now telling the House a direct lie. He said that I said in an interview that I brought three industries to Barbados. That is not true. The honourable Member is lying to the House, Sir.

Mr. SPEAKER: We do not use the words “lie” and “lying” in here.

Mr. B. M. TAITT: Not normally, Sir, but that honourable Member.....

Mr. SPEAKER: Then I would ask you to withdraw them.

Mr. B. M. TAITT: I withdraw “lie” Sir. The honourable Member is misleading the House.

Mr. SPEAKER: That is a little better.

Mr. B. M. TAITT: I would like Your Honour to invite him to read the interview and see what was said.

Mr. SPEAKER: The trouble is that I am hearing something that has not passed in here, so I am at a loss.

Mr. B. M. TAITT: If he wants to debate something in the newspaper, let him make it a document of the House, Sir.

Hon. L. R. TULL: The honourable Member said: “I myself in my private capacity have been responsible for bringing three companies here on visits to establish in Barbados.”

Aside.

Hon. L. R. TULL: I cannot understand. The honourable Member can abuse me as much as he likes, but when the honourable Member says.....

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

Mr. SPEAKER: Two honourable Members are on their feet.

Mr. B. M. TAITT: On a point of order, Sir: I now state for Your Honour’s information that what he now says is absolutely correct, and I will give Your Honour the information of the three companies, and I will tell him that the IDC assisted in making arrangements for at least one of them. I can give you all the information, if the honourable Member wants it. What he just said is true, Sir, what he said before was not.

Hon. L. R. TULL: The honourable Member can shout and scream as much as he likes. I keep telling him that the aorta gets into trouble when he behaves like that. What he did say, and I repeat it, was that he, in his personal capacity, was responsible for three concerns visiting to establish in Barbados. That is what he said, and when I heard it I wanted to pick up the phone to congratulate him, but I first checked with IDC and said I understood that the gentleman was responsible for getting people to come here to set up. They could not confirm that for me, so I could not be bothered to make the call.

If the honourable Member, shouting as he does and behaving like a little petulant child, says that he can give

you the information, I am willing to give way for a few minutes so he can tell you about the three companies he brought into Barbados.

Mr. B. M. TAITT: Let him give way, Sir. I am going to give him the first one, Sir. The IDC made arrangements for a company from Chicago. The company contacted me in my private capacity and I passed it on to the IDC, and we arranged a programme in Barbados with the IDC and other agencies. I will not call the names of the other two — I will give them to you — because the companies are companies whose names I would prefer not to put in the Record of this House. I will give them to Your Honour after this sitting. But the honourable Member can check with the Manager of the IDC.

Hon. L. R. TULL: The honourable Member has not told me of any company. I understand that some people in the United States wrote the honourable Member about visiting Barbados and he passed on the information to the Industrial Development Corporation. If that is the case, the honourable Member really is a little bit short of honesty to get in a public interview and tell people that he is responsible for bringing people here — just because somebody wrote him a letter which he passed on to the Industrial Development Corporation!
1.55 p.m.

Mr. B. M. TAITT: Mr. Speaker, on a point of order: The honourable Member is misleading the House. I repeat, for Your Honour's attention, that the company got in touch with me professionally. I made contact with the IDC and we arranged the entire programme. The programme was arranged by me and the IDC. It was not a question of passing a letter on. It was a professional act.

Mr. SPEAKER: I think this little discourse between the two Members should come to an end.

Hon. L. R. TULL: You should stop him from interrupting me. I agree with you, Sir.

Mr. SPEAKER: Nobody is misleading this House, because I am now hearing this story for the first time. I am hearing charges and counter charges, but I would rather that the Honourable Minister lay his charge and you rebut it in due course, and let us get on with the business of the day.

Hon. L. R. TULL: Mr. Speaker, I do not want to drag it out, but, really I think that before we finish the honourable Member should tell us what this company is and where it has set up, because I would hate to think that the people at the IDC are lying to me. I tried to find out, I have not heard. I did hear about the case he mentioned about some letter being passed on to people but I did not hear that the company had set up in Barbados.

Let me go on, the honourable Member is wasting my time. No wonder the Right Honourable Member for St. John moved you away from Industry and Commerce, because of the stupidity you talked in the newspapers, and put you in Education and Culture. He made you know your place because you only talk a lot of foolishness all the time, a lot of words that mean nothing, and then come in here misbehaving because you do not want anybody else but yourself to talk.

This question of the growing need for the imposition of restrictions on the importation of goods from certain countries is causing a problem in the region simply because it is difficult to get it harmonized. Some countries do one thing, the others do something else. I know, for instance, that Barbados has been trying for all of this year to get a harmonized Negative List for Trinidad and Tobago, and despite several meetings, discussions back and forth and passing of information, we have not yet succeeded in getting a harmonized Negative List. The result is, as is obvious, that a number of goods are coming in in one country which are restricted in another, and yet finding themselves into the markets of that other country. Unless we are able inside the Caribbean Community to get agreement on a majority of these issues there will continue to be turbulence in trade inside the Caribbean, and it is unfair to blame the Government, the manufacturing industry or the imposition of Stamp Duty on these kinds of problems that are outside the capacity and the ability of one country in the region to solve on its own.

The Government of Barbados has sought, despite the wild statements made by the honourable Member for St. Michael West, to seek extra-regional markets. It has beefed up the Export Promotion Corporation and, again contrary to the statements made by the honourable Member, it has restructured its overseas' offices and given new directions to help it in this extra-regional thrust. The evidence is there for everybody to see. If honourable Members want details in terms of written documents, they are free to get them — because these things are not secret, they are public documents — and the results are beginning to show. Next week we open a new industry here, another one is setting up in December, but I hear none is coming in. I am not like the honourable Member for St. Michael West, I do not have great powers of persuasion, I cannot walk into the United States and in six weeks persuade all of the big companies in the United States to come into Barbados, but I do know that we see, from the enquiries and commitments that are being made at the moment, that a number of new industries will be set up in Barbados over the next twelve months. I know that the honourable Member says it is rhetoric. While he is in the act of effusive rhetoric, a whole lot of words, nothing in it, he is picking on — not me, I can deal with him; he is not much — the public officials at the Industrial Development Corporation and literally calling them

liars, saying that that is bare talk, there is nothing to it. I think that that is unworthy of honourable Members in this Chamber.

Asides

Hon. L. R. TULL: I remember. He was to lead a delegation to Trinidad and he was going to cause all kinds of things down there. He said that. That is why the Leader of the Opposition moved him, because he talked too much foolishness in that area. All he is doing is alienating the manufacturers in Barbados every time he opens his mouth. He feels he is some expert; because he worked as a Development Board Officer in New York some years ago that he knows all of the answers. He is an expert, he is a consultant and a professional in these areas, and all he can refer you to is a lot of packaged nonsense on page 77 of some document that they are trying to sell for \$5 and not getting sold. For all his consultancy professionalism and expertise, that is all he can do. I am sorry that the Right Honourable Leader of the Opposition shifted him from shadowing Commerce and Industry, because I want to lock horns with him. If you go into Education I will lock horns with you. I have a few more things to say about you in due course.

I have every pleasure, Sir, in supporting this Bill in the very magnanimous terms in which it is set. It has been put for a good purpose. You have to be aware of the Greeks when they bring gifts. The honourable Member for St. Michael South Central.....

Asides

Hon. L. R. TULL: Yes, Sir. I will wind up in ten minutes. How much more time.

Mr. SPEAKER: One minute.

Hon. L. R. TULL: One minute? Do you mean that as soon as I get to the honourable Member for St. Michael South Central it is a minute.

Mr. SPEAKER: Well, you wasted a lot of time on the other gentleman, so you have to come at another stage.

Hon. L. R. TULL: He troubled me today, Sir. The other one did not trouble me today, but I will get back at him.

Mr. SPEAKER: Another day.

Hon. L. R. TULL: I am finished.

SUSPENSION OF SITTING

Hon. L. S. CRAIG: Sir, I beg to move that this sitting be now suspended until 3.00 p.m. today.

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

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

ON RESUMPTION

Mr. SPEAKER: This sitting is now resumed.

When the suspension was taken, the honourable Member for St. Michael Central was about to speak. He may now do so as he desires.

Hon. A. TRUSS: Mr. Speaker, I would like to deal with the section of the Bill which in my view is the pertinent section, and that is the section that would facilitate the drawback of Stamp Duty on items sold to tourists in duty free shops. This Bill deals with that as well as giving effect to the 1985 Budgetary proposal which set out to increase the Stamp Duty from 10 per cent to 12 per cent. I think it is important, first of all, in the light of what the honourable Member for St. Michael South Central said, which clearly indicated to me that he did not fully understand what the Bill was trying to achieve, to say that currently there is a refund of the import duty and consumption tax on goods that are imported and sold to the tourist trade, but there is no refund of the Stamp Duty. That is the existing situation, so in so far as Stamp Duty is concerned, this Bill will give an allowance only on the goods that are imported for use in tourist shops, apart from the goods that are imported for the use of the manufacturer of products that are being exported out of Barbados, provision for which is already in the old Bill.

Barbados is a major centre for duty free purchasing in the Caribbean. In very recent years, we found ourselves fighting to compete with the other territories within the Caribbean that have been fighting for a larger share of the tourism cake within the Caribbean. There are duty free ports in St. Thomas, St. Martin, Antigua and in Martinique, and these destinations have given Barbados a run for their money in relation to duty free prices. And over a period of time, I think what has happened is that, though Barbados has always been called and still is called a shopping paradise in the Eastern Caribbean, as a result of the formation of these duty free ports, Barbados has moved away from being competitive into a less competitive position as a direct result perhaps of the introduction of Stamp Duty which first came into being in 1982 at

2 per cent of c.i.f value of imports. Subsequently, the Stamp Duty was increased in 1983 to 3 per cent, it went to 5 per cent in 1984, 10 per cent in October of 1984 and 12 per cent in May of this year. It is my view, and some have so argued, that this has had a negative impact on the tourism duty free market in Barbados.

Initially, the Stamp Duty was absorbed by the retail outlets in Bridgetown. Harrisons, Cave Shepherd, DaCostas, India House, people that deal a great deal in duty free items, were able from a part of profit to absorb the Stamp Duty. But it has reached such proportions now, and competition is so keen, that it is not possible for these retail outlets to continue absorbing the Stamp Duty, so they have to pass it on to the consumer, and as a result of passing it on to the consumer, Barbados has moved more and more away from being a competitive destination as far as duty free items are concerned. To support this claim, I will give some figures to indicate the amount of duty free packages that have been collected at the airport over a period of time, and you will see the decline in terms of the overall business that has been done in duty free areas. In 1979, there were approximately 149 000 packages collected at Grantley Adams International Airport. That dropped in 1981 to approximately 110 000 packages, and in 1983 it dropped further to 103 000. The figures are not yet completed for 1984, but they probably would be around the 100 000 mark. This is a long way from the 150 000 packages that were collected in 1979, when we broke the record and Barbados received over 370 000 tourists. The fact of the matter is, and this can be cross-checked, — in relation to the drawbacks that have been paid by Customs — in 1980, Customs paid out some \$6 184 000 as compared in 1984 to \$5 361 000. This is a further indication that the volume of business in the duty free section of the tourism trade has dropped considerably in the last 4 years. We, therefore, can make the assumption, among other things, that perhaps the reason for this drop is because of the high competitive position of Antigua, Martinique and St. Martin as against Barbados. So I do believe that by offering a rebate, with indications that a very good winter season for 1985–86 is in the making, and with the pick-up in the arrival of cruise ship passengers, it should assist in helping Barbados to regain some of the ground which it has lost over the last 3 or 4 years.

There are over 49 duty free locations on the island, and they contribute substantially to the amount of money that is collected as a result of the payment of stamp duties. In the early days, when this was applied across the board, with the exception of the manufacturing industry and with special emphasis on the export of manufactured goods, the introduction of the tax was rationalised based on the view that the balance of payments situation was somewhat deteriorating at that time and was worsening, so this was one way in which we

could deal with that. Secondly, from import duties, it was anticipated that as a result of the decline in revenue, the increase in this tax would offset the decline in revenue and therefore balance your books.

I think it is important to point out that the policy of this Government since 1977 has been one of shifting the burden of taxes on income to taxes on expenditure, and, of course, as a result of that general policy, from time to time it has necessitated periodic adjustments in the rate of Stamp Duty and other things. In a developing society such as Barbados, when one creates through a budgetary proposal a particular type of taxation, it is only sometimes by trial and error that one can discover whether or not the particular measure will work. I think in this case the Government is wise to adopt the attitude that perhaps this particular segment of the tourist market which has to do with the duty free purchasing is being hurt as a result of the Stamp Duty, and therefore it is wise to remove it from this particular area.

I think that it is important, while I am dealing with that, to mention that, in spite of the fact that we saw it necessary in 1982 and thereafter to introduce the Stamp Duty, we have to look at the other side of the coin to see what we have done. In the 1985 Budget alone, some \$97 million in income that would otherwise have been paid to the Commissioner of Inland Revenue was waived through a radical restructuring of Income Tax rates in Barbados across the board. The honourable Member for St. Michael South Central talked about the days of 1976. I think it is important to remember that in 1976, when you earned \$25 you paid tax in this country. Today you do not pay tax until you earn \$150 a week, and that has taken 18 000 workers out of the tax roll. I think we have a good record as far as that is concerned.

I really do not want to enter into a debate, but the honourable Member for St. Michael South Central (Dr. R. C. Haynes) did make a few points, one of which I think it important to comment on. He talked about the fact that under the DLP during the period 1975–76, the economy was so well poised that it could have taken on expansion because of their fiscal and monetary policy, and therefore would have been able to employ more people. For the Record, I think it is important to point out lest we forget, that that was not the case in 1975–76. As a matter of fact, the cumulative inflation between 1971–76 was 122 per cent, and the cumulative wage increases from 1971–76 were 45 per cent. So you had a situation where the real buying power of the Barbadian citizen between 1971 and 1976 was constantly eroded as a result of inflation being higher than wage adjustments. On the other side of the coin, after we came into power, between 1976 and 1981, you had a reversal of that situation. The accumulative rate of inflation between 1976 and 1981 was some 41 per cent and the accumulative wage increase between 1976 and 1981 was over 85 per cent. In real terms, the Barbadian population spend-

ing power had increased significantly, because their wages were far in excess of the inflation rate as is the case now, I beg to differ from the honourable Member for St. Michael South Central on his statistics.

I asked the Clerk to let me have a look at the Economic Report of 1975 to bear out this particular point. It is the Economic Survey written by the Democratic Labour Party, accounting for their stewardship during the period 1974-75 and 1975-76, up until they lost the election on September 2, 1976. In that document they talked about 22 per cent unemployment and the difficulties which they faced, I am sorry I was unable to get the document so that I could read it into the record of this Honourable House, but I suggest that all those parties who are interested check the Economic Reports of 1974, 1975 and 1976.

Now to get back for a moment, Sir, to the Stamp Duty. I think it is important to point out — because this relates to the point that was made by the honourable Member for St. Michael South Central — that because the Stamp Duty is increased to 12 per cent, the cost of living, across the board, would increase by 12 per cent. The honourable Member for St. George South (Hon. L. R. Tull) dealt with that matter quite capably, but I should like to say this. As I said before, we introduced the Stamp Duty in 1982. Between 1982 and August, 1985 — and you must remember, Sir, that the Stamp Duty moved from 2 per cent to 3 per cent; from 3 per cent to 5 per cent; from 5 per cent to 10 per cent; and now to 12 per cent — the accumulative inflation was just 16 per cent — those are the facts. I believe that when the honourable Member for St. Michael South Central makes a statement, he should back his statement with a little fact, because he would be misleading the House by saying that when you apply the 12 per cent Stamp Duty across the board, automatically that means that the cost of living goes up by 12 per cent, without bearing any relation at all to what is written in the Economic Report, to what is put out by the Central Bank to indicate that between August, 1982 and August, 1985, the accumulative inflation in this country was just over 16 per cent.

Mr. O. S. ARTHUR (St. Peter): Mr. Speaker, I join this debate to give support to the Bill and, more particularly, so, Sir, to touch on the purely financial aspects raised by the Opposition on the Stamp Duty.

I first want to make the observation that all matters pertaining to the imposition of taxes always have to be governed by a large amount of controversy. It is useful for us to remind the House that it now takes us over \$650 million per year to run our Civil Service, to provide a free education and a free health system, and in addition, insofar as we are a Government, committed to

making investments into the future, we do need an additional amount of revenue in order to support our capital development programmes. My point is that there is no painless way by which we can extract from the economy the full volume of revenue required to deal with public housekeeping, and public investments, and in so far as there is no painless way of extracting the full volume of revenue, we are likely to have controversies surrounding any particular tax, irrespective of whether it is the Stamp Duty, Excise Duty, or Consumption Tax.

The point that I should like to raise for the House's consideration is that there is no way by which we can make taxes painless, but, despite this, we should do our best always to make taxes efficient. And I believe that if we were to judge the Stamp Duty by the ordinary principles which are taken into account when one is seeking to determine whether a tax is efficient or not, one would have to come to the conclusion that the Stamp Duty in its present structure in Barbados, and having regard to its present weight, is an efficient tax, if it is not served without some pain.

To my mind, a tax can be regarded as an efficient tax if it does not fall in an indiscriminate way on the *bona fide* exporters of our society, because we are a society which pays a premium on the earning of foreign exchange. Secondly, we can regard a tax as being relatively efficient in its incidence and administration if it does not provide a disincentive to investment. A tax can also be held to be fairly efficient if it does not affect in a very substantial way the price of goods which are used in the production of other goods, or are widely used by the household sector of the society.

Judged by these standards, Mr. Speaker, one must come to the conclusion that Stamp Duty is a relatively efficient tax, because there are a number of specific types of commodities which are exempted entirely from the payment of the duty. If we were to examine the structure of legislation over a time, we will note, for example, that our equipment, our machinery, whether in one piece or more than one piece, having a c.i.f. value of more than \$100 000 is entirely exempted from the payment of the *ad valorem* Stamp Duty and is charged a Stamp Duty of only \$10. This is a deliberate measure by Government to ensure that the imposition of a Stamp Duty does not provide a disincentive to people who want to invest by way of the purchase of equipment and machinery.

Secondly, if we in this Chamber were careful enough to analyse the structure of Stamp Duty, we would also recognize that all of the energy products which are imported into Barbados and which are necessarily used as part of the production process, whether it be in the form of crude oil or reconstituted from crude oil, reformates and the like, are all exempted from Stamp Duty as well.

In addition, social considerations have been built into the design of Stamp Duty to the point where educational, scientific and cultural literature do not attract the duty, whether at the fixed rate of \$10 or the *ad valorem* rate of \$12.

The argument from the other side is that the Stamp Duty does not serve its specific purpose in helping to promote exports in Barbados, and the point at issue in that respect is that the Stamp Duty exemption is not allowed as a waiver, but it is allowed as a rebate. There are arguments on both sides on this point. It is quite clear that, to the extent that the exporter has to find the money to pay Stamp Duty even before he gets involved in production, the imposition of a Stamp Duty up front on raw materials to be used for export can have some negative impact on the potential exporter's cash flow position. But I want to advance to the House the view that this impact will only be a once-and-for-all impact, because the person who imports raw materials and then exports is at the end of the day entitled to a refund of Stamp Duty on that proportion of the raw materials which have come into the production of the goods for sale abroad. To that extent, the granting of an exemption in the form of a rebate could only have a substantial negative impact on the cash flow of exporters if the producer expands his exports at a faster and faster rate over time. The point is that, unless there is a growth in exports, the first refund should be enough to pay the Stamp Duty which becomes due when the producer has to bring in a second shipment to continue his production process. The point I am seeking to make, Mr. Speaker, is that the argument over the negative impact of the Stamp Duty on exports is an exaggerated argument. Unless the Opposition can assume that there has been a substantial growth in exports such that the refund at one period is not enough to cover the stamp duties payable in a different period, then I am suggesting to the other side that there is absolutely no argument.

3.20 p.m.

I also want to suggest to the House, Mr. Speaker, that the real problem in relation to the administration of the refund system has more to do with a point which has already been covered by the Prime Minister and the Minister of Finance and Planning. It has to do with the fact that our manufacturing sector is very poor in terms of its keeping of records and, in many instances, has tended to be very tardy in making the necessary returns so that it can get the normal refunds that are due and payable to it.

In closing, I would like to touch on a point that has been made by the honourable Member for St. Michael South Central concerning the question of the impact of Stamp Duty on prices. In a previous debate in this House, it was argued that an increase in the Stamp Duty from 10 per cent to 12 per cent would raise prices in Barbados by between 3 and 4 percentage points. It was pointed out

that that argument was total nonsense, if only because a Stamp Duty increase of two per cent is going to give rise to an increase in revenue of \$10 million, and there is simply no way by which \$10 million increase in taxes can increase prices in a \$2.5 billion economy by as much as 3 or 4 percentage points. That point was made in May, and the record is very clear now for the country to behold, that despite the increase in the Stamp Duty, prices in Barbados have not risen by anything near 3 or 4 or 5 per cent, and are now being held in the vicinity of 1.9 per cent. The logic of the situation and the proof of the pudding clearly demonstrate that the fears entertained by the Opposition in relation to the impact of Stamp Duty on prices is an unrealized fear, and that they are causing unnecessary controversy in this society by dealing with an issue which is in the realm of fantasy.

I commend the Stamp Duty to this Chamber on the grounds that it is an efficient tax, it does not fall as a burden on our *bona fides* exporters, it does not provide a disincentive to investment to the extent that equipment and machinery, because the value of both machinery and equipment is exempted from the payment of the duty, it is a well-structured tax, to the extent that the Government has explicitly made provision for energy which affects the price of so many things in the society to be entirely exempted from the payment of Stamp Duty, it is a tax which has been structured with a social conscience in mind, to the extent that educational, scientific and cultural materials are exempted from the payment of the duty; and, finally, the record is there to show that the fears entertained by the other side on the question of Stamp Duty leading to a massive increase in the rate of inflation are fears which the records now show are without foundation in fact.

I thank you, Mr. Speaker.

Mr. B. M. TAITT (St. Michael West): Mr. Speaker, I had hoped that it would not be necessary for me to join in this debate, because, basically, the Minister of Finance had indicated that he is going to have a Stamp Duty, and after Stamp Duty has been in effect, after hearing both from the manufacturers, from Honourable Members on this side, and from the public in general, it has become obvious to him that the Stamp Duty as it applied, or as it now applies, creates some additional difficulty for those who manufacture and those who sell to tourists, the two areas which presumably bring us the most revenue for the purposes of running this country. I take issue with him in the application of this amendment only in terms of his apparent failure to recognize that the problems faced by the marginal manufacturer in Barbados will not be alleviated by this piece of legislation.

The marginal manufacturer in Barbados is a manufacturer who, as week by week goes by, is trying to raise his wages bill to pay his just debts and, generally, to keep his business afloat. The reasons why he is having his

difficulties have been documented, and have been commented upon by almost everyone in the society, because they are facts which are incontrovertible and, therefore, are not subject to question. There has been a substantial contraction in the economy of this country. Demand, that thing which causes people to want goods and services, and, therefore, requires other people to produce goods and services, has contracted to the point where in an economy the size of Barbados; it is virtually collapsing the economy. That has arisen because in the Caribbean and in the world generally there has been a recession, and no one can deny that there has been a recession. What issues arise are not whether there is a recession or not. The issues arise about how respective Governments manage the recession in terms of their own countries.

There are some issues on which all well-meaning and right-thinking people will agree. We are going to disagree with the Government on their style and methodology, because we do not share their philosophy in some areas. The honourable Member who just sat down says the Stamp Duty is an efficient tax. I do not think that anyone is going to quarrel with the use of the term "efficient" if what he means is understood. He means that it collects the tax very, very well, and one thing this administration has been doing very good is collecting the taxes very, very well. So to say that they are efficient at collecting taxes is not something about which you are going to have any quarrel on this side. What we might argue is that Stamp Duty was introduced by them, it was introduced at 2½ per cent and it has crept up to now 12 per cent. We recognize that a Government that is under seige will have to bring ways and means to increase taxes, and that this Government, which has been under seige from the day it started, has been increasing taxes. We do not believe that a Stamp Duty is a desirable thing in this economy, and we believe that the 12 per cent Stamp Duty is too high. But these are issues which have been debated already, and the people will have an opportunity to let their position be known on that in due course.

3.30 p.m.

What one takes issue with is when Ministers who have responsibility for managing the people's business are so frivolous, so argumentative and so puerile in their manifestations and in the way they execute their responsibilities, that they become reckless in the language which they use.

Mr. Speaker, one of the things which one has to say for the honourable Member for Christ Church East Central, the Prime Minister, is that the Prime Minister never will make negative statements about other people in their professional capacities. The Prime Minister will debate with us in here and rebut, and he will speak about things that are almost unspeakable about, if you will pardon the phraseology, but he will never stoop to the

level of trying to denigrate the efforts or the attitudes of others. I wish that I could say that for other Ministers on that side. I wish, in particular, that I could say it for the honourable Member for St. George South (Hon. L. R. Tull).

Mr. SPEAKER: Is this Stamp Duty?

Mr. B. M. TAITT: Yes, Sir. I am on the Stamp Duty, because that honourable Member.....

Mr. SPEAKER: You are on Stamp Duty but you are debating honourable Members.

Mr. B. M. TAITT: No, Sir I am saying that that honourable Member, in his contribution on the Stamp Duty, fell far short of the level of debate one would expect on Stamp Duty in a Chamber of this kind and of this quality.

Mr. Speaker, the industrialisation of Barbados is a fact. Its history is there for anyone to examine. With or without duties for manufacturers, ordinary persons can go into the industrial parks, or they can read the daily Press, and they can establish for themselves whether the industrialisation of Barbados has been performing in a given way or not.

The honourable Member seems to feel — and he said — that the Member for St. Michael West, having given an interview on the industrialisation of Barbados, has lost every last friend he might have had in the IDC. It would be a sorry day when the public affairs of this country were debated on the basis of friendship. If it reached the point where I could allow my friendship for anyone in any organisation to blind me to the realities and/or the facts concerning that organisation, I submit that I would be unfit for participation in the public life of this country at the level at which I now participate.

I am going, for the Record, Sir, to give Your Honour the exact words which I used in an interview concerning the question of persons coming to Barbados, and then I will let this Honourable House be the judge as to the veracity, or otherwise, of the statements made during the debate in this House. Your Honour did indicate that I could take this opportunity to rebut those statements if I felt it was necessary, and I do so now, Sir.

I was talking about the constant cry on the part of the Government that competition and recession around the world were responsible for our failure to industrialise at a faster rate. Having made the statement, which is a fact, that no enclave industries have come into Barbados in the last two years, I went on to say that I am satisfied that you can find industries. You will not have the boom days, but you can have industry. I then went on to say, and I am quoting now, Sir, my own words:

"I myself have, in my private capacity, been responsible for three manufacturing concerns visiting Barbados to establish here. One of them, I have every hope and every right to expect, will establish in Barbados in another three to six months."

I want to repeat that, Sir.

"One of them, I have every hope and every right to expect, will establish in Barbados in another three to six months."

I went on.

They had contacted me on the basis of work that had been done back in the days when I was practising in New York. I passed them on to the IDC because my interest is a national interest — we have to get industry going in Barbados again. I consider that anyone who comes into this House and gives the impression that I said that I had brought 3 industries to Barbados, that person is a stranger to the truth, and I think that it is the kind of atrocity that is committed constantly in public life by people who ought to know better, trying to give impressions when facts are available. Mr. Speaker, that the honourable Member for St. George South could face Your Honour in the light of the information which was available to him and all the other persons who read that newspaper, the honourable Member in my eyes stands condemned, and I hope that the honourable Member will desist from this attitude which sees him constantly making reckless statements.

I think I should deal, too, Sir, with this question of the shift in shadow portfolios which he sought to make fun of and to castigate this honourable Member for. Mr. Speaker, let me say that I will never in this House of Assembly, say what they are saying about why he was moved from his portfolio. I am sure that the Attorney General in due course will lend and add to this debate — not today, Sir, in due course and in due time — so that the questions will be answered truthfully and fully.

Asides

Mr. B. M. TAITT: The only industry which seems to be flourishing in this country today is the cocaine industry. That seems to be the only industry that is flourishing in this country today. But this is not the debate. There is no Stamp Duty on cocaine, and this is not the debate in which I will discuss that, but I give this Honourable House the assurance that at the most appropriate time we are going to debate that industry.

Aside.

Mr. B. M. TAITT: Yes, Sir, we are going to debate the cocaine industry in Barbados; yes, we are going to debate it further!

Aside.

Mr. B. M. TAITT: I know the Prime Minister is not like the rest, I know that he will understand these matters.

(Hon. H. B. St. JOHN: Right parish, wrong place).

Mr. B. M. TAITT: The right church but the wrong pew. Well, Sir, you know sometimes in these matters you have to go down the wrong road. Anyhow, Mr. Speaker, this is not a cocaine debate.

Aside.

Mr. B. M. TAITT: Not me, I will want nothing to do with cocaine, not even a Resolution!
3.40 p.m.

Hon. L. S. CRAIG: Sir, on a point of order. The honourable Member said a few months ago in here that there was a factory manufacturing cocaine at Sandy Lane. Therefore, he knows about the cocaine. I am inviting him, as Leader of the House, to bring a Resolution in here and let us debate it, because he said that it is going to be debated at some future date.

Mr. SPEAKER: No point of order.

Hon. L. S. CRAIG: It is a point of fact, though!

Mr. SPEAKER: No point of order. The honourable Member may continue.

Mr. B. M. TAITT: I am grateful to Your Honour for that ruling and I take note of what the Prime Minister said sitting in his Chair, that I had the right parish but the wrong place.

Mr. SPEAKER: You cannot take note of an aside. That was not meant for your ears.

Mr. B. M. TAITT: I beg your pardon. It was so loud I could not help hearing it.

The point I am making is that we have serious matters in this country that need the attention of legislators, and I do not think that it is going to be in our interest if when those of us, on either side of the House who believe that we can offer solutions, who believe that we have ideas that may be helpful in moving the country forward are castigated when we offer those ideas. We do not expect to be castigated by persons in authority merely for political purposes. We do not expect that citizens of this country would be the butt of comments that are not grounded in factual information. To suggest that the questions answered about where we are going in industry were personal, in my view, is irresponsible. Anyone who read the interview could not conclude that it was personal. No one could accuse anybody of being

personal when one discusses the area of industrial development, because if one ever became personal, Mr. Speaker, you would not allow such a debate, nor would the newspapers be able to print what would be considered as personal.

I was very careful to point out in the interview that it was not the fault of the IDC — but of the Government and their lack of policy; and the honourable Member does not wish to enhance that position. The honourable Member, if he was being honest, would have recognized and stated that the said interview, in the very opening paragraphs, said that the IDC should not be castigated, but, rather, the lack of policy. If the honourable Members for Christ Church East and Christ Church East Central had raised questions, one could understand, because they could be said to have been attacked. They do not consider it necessary and desirable to get involved in that kind of debate, but the honourable Member in the new Ministry that he has gone to, in which he said it is going to take him three months to understand what is going on — it is going to be three months before he does anything — feels that it is necessary to get up in here and try to cast aspersions on the statements made by people who know what they are talking about. I will leave that, because all I wanted to do was to put the record straight.

Consumption Tax, together with Stamp Duty, has to be very carefully watched by a Government. Because of the harmonization of fiscal incentives and the Common External Tariff, a Government has very small areas in which it can manoeuvre in the area of taxation, and the Minister of Finance, strapped as he is to find money, because of the wastage that is going on throughout the Administration, is constantly increasing the taxes in areas where it is affecting those at the bottom of the social ladder. The people who suffer the most from Consumption Tax and Stamp Duty in the final analysis are those at the bottom of the economic ladder. The manufacturers who suffer most are those at the bottom of the economic ladder.

I pointed out, as I started, that if a person has to pay Stamp Duty before retrieving it, then, if that person is suffering from a lack of capital, as most manufacturers in Barbados and small businessmen are suffering, if he has to put the capital up front and try to recover it at the end of the year, the chances are that he will not be able to stay in business. I would like to invite the Minister to examine in the context of this Bill whether it is not possible, literally, to waive the payment of Stamp Duty. I think the Minister of Finance should be able to waive the Stamp Duty in selected areas, and where the manufacturer can demonstrate in advance, as is required to be done under the system with the Central Bank, that the raw material he is bringing in is bound to be used in the manufacturing process, he should be given an

exemption from the Stamp Duty. It should not be difficult, because there are exemptions from Stamp Duty already. I recall when an attempt was made by the late Minister of Finance to impose a Stamp Duty on the insurance industry and an outcry from this side resulted in a recognition that imposition of that Stamp Duty would have crippled the insurance industry, the Minister was able to change the pattern in such a way as to allow the insurance industry in Barbados to survive, and I do not think there has been any cause for regret. I would like to suggest to the honourable Member, the Minister of Finance, that, in fact, he examines very carefully, the possibility of identifying those manufacturers who fall within a certain category and exempting them from Stamp Duty along the same lines that have been identified in this particular Bill, because if a manufacturer has to find the capital to put up front in order to pay Stamp Duty, he is going to find it extremely difficult to survive.

A small furniture manufacturer had discussions with me only yesterday, and in fact, one of his biggest problems is having enough working capital to keep going. He is one who has had some difficulty with his records, but he is putting his records straight. That notwithstanding, he still has difficulties, because he has to pay so many taxes up front before he sells one iota of what he is producing that his outlay has been increased, in some instances, by as much as 30 per cent as a result of the taxes. Now he is a furniture manufacturer who is not able to sell more than a small amount of furniture at a time because he cannot produce more than a small amount at a time. He is, therefore, unable to take orders for larger quantities of furniture which would, in fact, permit him to expand, and I am suggesting that this method which is being advocated in this particular Bill will not go any way towards relieving that kind of manufacturer.

The Prime Minister spoke about the need to have records, and I thought he was a little stringent in his comments, but I would say to him, that the Barbados Institute of Management and Productivity was designed to provide that kind of service to small businessmen in this country. One of the things which the Barbados Institute of Management and Productivity is supposed to do is to give shopkeepers and small manufacturers fundamental instruction in the keeping of records, basic book-keeping, not elaborate book-keeping, that would allow them to keep the kinds of records that would make it easy and reasonable for them to get drawbacks and other similar governmental favours. The fact is that BIMAP in this regard has not been able, apparently, to fulfill its mandate.

3.50 p.m.

It seems to me that the Minister is talking about going to another institution with money to help that institution reach a certain level of proficiency in the

accounting field. I think that that is laudable, and I am not suggesting that the BIMAP programme be a substitute for the Community College programme or any other programme. What I am saying is that BIMAP should be assisted, or directed, to bring on stream one of the programmes for which it was designed which would guarantee that small shopkeepers and other small businessmen would get a service, either free of cost or at a token cost, which would make sure that everyone in Barbados who is engaged in any kind of industry, or any kind of small business, would be capable of keeping the most elementary records. I believe that that policy and that programme should be implemented so that the small manufacturers and the other small scale businessmen in this country will not find themselves suffering in the way which the Minister of Finance described for us today.

Mr. Speaker, I think that is all I wish to say on this Bill, and I hope that I have been able to clear the air for Your Honour with regard to certain matters which had been raised earlier.

I thank you.

Hon. H. deB. FORDE (Christ Church West): Mr. Speaker, I have listened with great interest to the submissions made by the honourable Members in this debate, and perhaps I think one should begin by stating that one has to have taxation in some form or the other to run the country. It is a positive fact that in the last ten years an effort has been made to move away as much as possible from the system of direct taxation to indirect taxation. The Opposition cannot claim in one breath that it is necessary to reduce direct taxation in the form of Income Tax, in particular, and in the other breath claim that you must not have any form of taxation in order to raise the revenue necessary to run the country.

The taxing aspect of a Stamp Duty imposition is that it distributes very fairly the tax burden according to use and according to need, and, in following such a policy, it is necessary to provide alleviating measures for those persons who can ill-afford the imposition. The Government has done this in this Bill, and no matter what confusion we may have between now and 1986, whenever the election is called, I would go on record as saying that if the Opposition forms the Government of the day it will not reduce taxation in the manner in which it is shouting from this House or from the public platform.

Mr. SPEAKER directed that certain remarks made at this stage by the honourable Member for St. Michael South Central be struck from the Record.

Hon. H. deB. FORDE: The honourable Member has been telling perhaps enough truth, as the Prime Minister

of another country up to the north has told, when he made it clear that he would be reducing taxation within 90 days of being in power, and the reality of running a Government and looking at ways and means on a daily and monthly basis forced him to concede that he could not reduce taxation in the manner that he could freely speak of when he did not have the burden of Government on him. That is the point I am making. If the honourable Member ever has the opportunity to get beyond the position of being a shadow and becoming a substantive Minister of Finance, he will find that if he has daily to look to see what income is coming into Barbados and what salaries and other expenditures he has to meet, he would have to tell his country the truth, that some measure of taxation is necessary if one is to run Barbados properly. It is a figment of the imagination to give the public the understanding — that is why they lose confidence in politicians — that you can cut taxes in Barbados in the manner in which you are loosely saying.

I challenge the Opposition to give us the financial implications of the so-called measures which they have. The honourable Member will not reduce any Stamp Duty if he ever became the substantive Minister of Finance or a Minister of Government, and he knows it. That is what makes politics so ridiculous. The honourable Member knows he could not reduce Stamp Duty, reduce Consumption Tax, reduce imports duties, reduce direct taxes and maintain the same standard of services and continue to increase wages. The honourable Member is the person who says that wages have no effect at all on anything in Barbados and wages can keep spiralling as much as you want. If that is the honourable Member's fiscal policy, I would regret the day that the honourable Member should become a Minister of Finance. I might then have to give my vote to the honourable Member for St. Michael West in preference to the honourable Member for St. Michael South Central. I know that he honestly cannot believe that this is the correct policy.

I could understand the debate if the debate was what is the best administrative system to give a benefit to manufacturers. I can understand that there is room for difference between the Opposition and the Government, between members of the Opposition and members on the back bench and the front bench as to what administrative arrangements should be put in place to ensure that manufacturers have a rebate on Stamp Duty as an incentive to production and export. The Government's policy is clear. The Opposition can have no quarrel with a policy which says that if you export, then you are exempted from Stamp Duty on the raw material that you import in order to make the manufactured product. That is what the Government is saying, and that is what I understand the Opposition to agree with. Where the argument is, is whether or not that waiver of Stamp Duty should be before the produce is manufactured or after the product is manufactured and exported. The Opposition

claims that it should be before. The Government's argument simply is that the present policy of over-invoicing in the private sector makes it very difficult to monitor properly, if at all, a system in which Stamp Duty is exempted the moment the raw materials are imported into Barbados. That is what all this talk has been about.

The Opposition must concede that at present certain manufacturers have been over-invoicing, and one of the effects of a Stamp Duty as presently proposed is to control over-invoicing of the necessary documents. I believe that the honourable Member, as a potential Minister of Finance, must have checks and balances to safeguard a system which could be beneficial, but which if misused could cause a lot of danger to the revenue of Barbados as well as to the manufacturing sector itself. The honourable Member has to take into account that once the first repayment of Stamp Duty takes place the immediate cash flow problem of the manufacturer is eased, and once he continues to export he could only get any pressure if his exports move too rapidly, but even then his cash flow problem could be eased because revenue coming in would make it easier for him to wait for the rebates which come to him. These are points which should be borne in mind in this debate.

The other point which should be borne in mind, Mr. Speaker, is that the proposed Bill exempts a large number of enterprises and activities from Stamp Duty. Companies operating under the Fiscal Incentives Act have a flat rate of tax of \$10, I believe. Companies which are enclave companies have a similar arrangement, so the Act does not help them. In relation to equipment and machinery, there is an exemption under the Act. In relation to energy supplies, there is an exemption. In relation to educational, scientific and cultural material, there is also an exemption. So there is a large number of enterprises and a large amount of equipment that in any event, are not subjected to the Stamp Duty Act as it stands.

I would like to make one suggestion. Unlike the Opposition, I do not like to be critical without being constructively so. It is possible for the Government to agree that manufacturers who wish to claim a rebate of Stamp Duty enter into a bond. Let us assume that the manufacturer says that he is going to use \$1.2 million of imported raw material during the year and would therefore be entitled to a refund of \$120 000 in Stamp Duty for that year. It is possible for him to give the Government a bond, which is not very costly, so that he is exempted, and at the end of the year. The Government can take stock as to whether he has kept his papers properly or not, and whether or not he has to pay back any duty to the Government. The Government would have a sufficient security in the bond and the manufacturer would not be in problems. That is one system.

4.00 p.m.

The other system that could be worked is that the Government could look at a position where there is a 90 day exemption, where there is an automatic disqualification and a severe penalty for a period of years for people who try to beat the system fraudulently. That is another suggestion. Merely to criticise the measure without offering any suggestion that is constructive and that could safeguard the Government's and the public's position, whilst benefitting the manufacturers at the same time, seems to me to be pointless debate merely made for political purposes.

Barbados' manufacturing, in terms of cost of material, is still in a position to compete adequately with our main competitor, Trinidad and Tobago. I think that our materials cost and our overall cost put us in a favourable position towards Trinidad and Tobago. We may not be in as favourable a position in overall manufacturing costs *vis-a-vis* Jamaica, but for reasons different from those which we have heard in this debate. The tremendous devaluation of the Jamaican dollar has meant that Jamaican manufacturing costs, in terms of wages, not necessarily for materials, are way below those in either Trinidad and Tobago or Barbados.

At some time in the future, we may have to look at a re-alignment of currencies or a basket of Caribbean currencies in which to deal with the exchange of goods within the CARICOM area. That is one of the areas that I would hope the Government will be pursuing, and pursuing quite seriously, as a way of solving some of the problems confronting intra-CARICOM trade. But those problems will not be solved if the Opposition gives the opinion or the approach that it is harrying the Government, and that it has an alternative policy, if it should ever be elected the Government of this country, that is much more favourable to the other territories than the Government is at present adopting. I do not believe that the Opposition is correct in this at all.

I wish to answer one other point made by the Honourable Member for St. Michael South Central. He spoke about the alignment of Barbadian currency to the US dollar. It is a fact that we will have to keep hammering that there have been some favourable spin-off effects from such an alignment. There have also been some unfavourable aspects, the pressure on the sugar industry and the pressure on tourism out of Europe in particular, because of the parity of the Barbados dollar. But one of the effects that the Honourable Member should be stressing in the debate is that, because of the alignment with the dollar, and because of the slow down in the rate of inflation, there has actually been an increase in the value in the earnings of workers during the last couple of years. That is one of the reasons why one could go for long-term wage settlements and a moderated wage claim in the future. And that is one of the reasons why I think there is still enough buoyancy

in the Barbados economy to assist manufacturers who are producing quality goods on a competitive basis.

Mr. Speaker, I support the measure. I think I would urge that the Government continue to talk to manufacturers on a constructive basis about continually monitoring the system of the Stamp Duty rebate and perhaps to explore ways and measures in which there could be improvement. I do not believe that mere negative criticism of the Government in this respect is making any contribution at all, either to the debate or to the improvement of the system.

Hon. H. B. St. JOHN: Mr. Speaker, obviously a debate on Stamp Duty at this time would, as anticipated, have provoked some comments from the other side designed to discredit the unquestionably excellent performance of the Government in the management of the public affairs of this country, which they know is their largest hurdle. There are a few matters of fact, though, that I think I should respond to at the very outset of my reply.

There is no mystery in the fact that the amount of Stamp Duty collected does not reach the predictions that the honourable Member on the other side responsible for Finance has consistently made. The simple reason is that he assumes that the base on which Stamp Duty would apply is the totality of the imports in Barbados, excluding the re-exports. That it not so.

From an early day, exemptions from eligibility to Stamp Duty on certain categories of imports were set out in the Act creating the stamp duty. Some honourable Members have read them out, but I think that it is important for us to recall them. They are goods consigned to export, enclave or other industries, operating under the Fiscal Incentives Act or the Industrial Incentives Act. No raw materials, no goods that are imported by them, pay Stamp Duty, and anyone who knows industries and the industrial climate in Barbados will know that the vast majority of companies who are in the manufacturing business operate under one or the other of these Acts mentioned.

4.10 p.m.

Secondly, entries for warehouses only. A large amount of goods come into Barbados and before they are consumed in Barbados, they are kept in bonding warehouses. They do not pay Stamp Duty up front.

Thirdly, and this is a most important point, equipment or machinery, whether in one piece or more, having a c.i.f. value of \$100 000 or more, all of that section of your imports which deals with machinery to a large extent is exempted under this. So if the machinery is imported by an enclave, export or other fiscal incentive industry, it does not pay, whatever the value is. If it is imported by people other than them, and is therefore,

theoretically eligible to pay, and its value is \$100 000 or more, it still does not pay.

We go ahead, Sir. In 1983, an amendment was put in to deal with a further category of exemptions — educational scientific, or cultural literature; bills of entry or set of entries relating to the following imports — crude oil, reconstituted crude oil, reformat, partly refined petroleum and refined oil. Again that is a very important category of imports in Barbados. It is no mystery, therefore, when we say that because of the wide and important nature of the exemptions, there is a great category of imports in value that is not subject to Stamp Duty.

What we are left with are industries who operate outside of the Incentives Acts. Let us look at them, because they are a category of industries, to a large extent, which have been industries which could not qualify under the Fiscal Incentives Act or the Industrial Incentives Act, or the Export Industries Act. In short, they are industries which produce for the domestic markets, to a large extent, and for CARICOM markets.

As we have said, Stamp Duty has become an important source of revenue right through the Caribbean. When Barbados' goods go to other countries in the Caribbean, they have to pay Stamp Duty. Barbados' Stamp Duty rates were much lower than rates in other parts of the Caribbean, so what we had was a position in which goods exported from the rest of the Caribbean to us paid a lower rate of Stamp Duty in Barbados, but when our goods were exported to them, they paid a higher rate of Stamp Duty. We equalized it, that is all. We looked for the one in which we had the largest amount of trade and we brought our rate equal to theirs.

I remember the honourable Member on the other side. Our Budget happened to have been before the Trinidad Budget, and when we increased ours to 10, the honourable Members on the other side quarrelled. But Trinidad came and put theirs at 12 and, of course, we had to match them, so we brought ours to 12. But the point is that, within CARICOM, the general agreement is that you exempt your exports from the Stamp Duty; so Stamp Duty tax is in effect, a Consumption Tax.

Given that background, given the exemptions, the only argument that we could be having now would be the methodology for the collection of the Stamp Duty.

I have said that the Ministry of Finance has received representation from the small category of manufacturers who are entitled to exemptions from Stamp Duty by way of rebate. We have tried to simplify the process as much as possible. I personally have checked with the Officer whose duty it is to administer this, and he tells me that

at the beginning there was some difficulty with the accountants understanding the methodology. They have sat around the table and they have arrived at a very simple formula dealing with the ratio of exports; you relate it to the manufacturing costs and you take off the percentage of the raw material. It is a simple, simple formula. Twenty-six companies have already got their refunds of over a million dollars.

I have said repeatedly that I am willing to go on a system, now that we have had it in operation, of trust. I will go on a system of trust. If the previous year you have paid X amount in Stamp Duty, I will allow you to operate upon the basis that that is going to be your liability and every quarter you will pay me one-quarter, and the next quarter we adjust it. We can adjust it in relation to your *de facto* sales.

Asides

Hon. H. B. St. JOHN: You do not need to put that in the Bill. That is a matter of administrative regulation by the Comptroller of Customs. We are willing to do that.

Asides

Hon. H. B. St. JOHN: Because the Bill says that. You have to keep such records and such books of accountancy as satisfy him, and we can enter into a bond. I do not have any problem with these 26 companies. I have a problem with the ones who have paid nothing at all and who have no books. Those are the ones I am quarrelling with and the doctors. Do not forget the doctors do not pay any tax. The lawyers might not keep books but the doctors do not pay any tax.

I have no quarrel with that because I do not wish in any way to interfere with the cash flow of the manufacturers. But the point is that unless we have a record of the turnover of these people, how are you going to get at the bond? It is the same thing with Corporation Tax. The honourable Member's political party introduced prepayment of Corporation Tax and prepayment of the Income Tax for professional people. I remember that in 1975 we had to pay two sets of taxes in one year. You talk about draconian introduction of taxes!

Asides.

Hon. H. B. St. JOHN: He is not in here today. He does not stay in here after lunch. I remember when the honourable Member for St. John introduced two sets of taxes in here in the 1975 tax year. He said that you pay current and you pay on the past too, and you pay in the front. That is what he did in 1975 — anticipatory tax!

Now that we have factual experience of particular manufacturers, we can move on to the system of trust and bonding, but you know that we must be able to trust them. Sometimes that is a little difficult. I know that I am not making any wild accusations. I am dealing with factual experience. It is difficult to conceive of a situation in Barbados in which we can trust all those people who claim to be manufacturers. That is a difficult thing to do; a very difficult thing to do. It is a very neutral way of putting it. Those people who have earned the respect of the Customs Department by their good keeping of records and their good record of payment of consumption taxes and other things, we will handle them. But I am not handling those who have not got any books and have not got any good record of payment. I am not handling them and that is the end of that. They will have to fight me in Christ Church East Central and in the whole of Barbados. I am willing to take them on once they come forward and identify themselves. I am going to bring their records and we are going to handle it then. That is the correct place to handle that.

The other point about Stamp Duty is that Stamp Duty in the context of the Caribbean, particularly with agro-industries, has in effect an amount of indirect benefit, because it has stimulated domestic production. You do not pay Stamp Duty on flying fish. What is this foolishness I hear people talking of affecting the cost of living? You do not pay Stamp Duty on chicken that is grown here. You do not pay Stamp Duty on tomatoes. You do not pay Stamp Duty on things that are produced in Barbados, carrots and other vegetables. What Stamp Duty do you pay on that? You do not pay that!

Asides.

4.20 p.m.

Hon. H. B. St. JOHN: Your aim is to import, my aim is to produce more. That is the big difference, so I do not see Stamp Duty in the same light as you. I see Stamp Duty as another mechanism that we use when added to the Common External Tariff to increase the production in CARICOM; and it happens coincidentally to bring in some revenue. It is very effective. I agree with the honourable Member for St. Peter that it is very effective. We are doing better with this tax than we are doing with Income Tax. I am sure the honourable Member pays more in Stamp Duty than he pays in Income Tax. That is a fact:

Aside.

Hon. H. B. St. JOHN: I am not looking at any records. First of all, you have to have records. I do not look at any records.

The basic position is that the Stamp Duty argument as propounded by the other side has been totally

demolished. It has definitely not wrought any hardship on any manufacturers, and with respect to the duty free trade and other matters, we are working on that. I give the House the assurance that once people have a good reputation with the Customs Department and can demonstrate a level of turnover of the business in respect of those categories of imports that are exempted from the Stamp Duty, an honour system could be introduced. We are willing to pursue an honour system where you can pay quarterly, where you are able to bring in the goods, sell them, get the money from overseas and then pay tax to the Government. That can be done for reputable people who keep good books. Other than that, there is nothing else we can do, but I can promise the honourable Member that we do not really see the possibility of increasing it, and the tax that we unquestionably will reduce will not be this. There will be reductions, however, because the honourable Member keeps forgetting something. All the time he talks about the taxes and the burdens, he ignores the fact that there have been benefits in all of the Budgets, more exemptions, more tax credits and things of that kind. When it comes to savers, look at the Credit union record in Barbados and you will see a growth from \$6 million to \$20 million as a result of tax inducements granted here. Talk about the manufacturers and the Government not giving them incentives, I want the debate to start. Let the debate start and we will talk all about the Industrial Credit Fund. We are going to talk all about it. We have the study now, you know, we have the factual information. There is no more guessing. We also have Barbados performance in relation to Ireland, to Singapore, to South Korea, to Malaysia and Taiwan.

Aside

Hon. H. B. St. JOHN: We do not have to bring the document, we read it and we have it up here. Why do you not read it and see what the position is? It will change some of your attitudes, because you will know that Barbados is doing well in relation to others.

I was just in London and I read the Scottish Development Agency's Report and the one from the IDA in Ireland, and they are now talking about reaching the situation where they are creating a number of jobs so that they can have a net job situation. In other words, they lost more jobs in those countries in the last five years than they created. Barbados at least has some net jobs being created, and the honourable Member has to acknowledge that in the report, at least that in the last two years, the first two years of IDC's programme – talk what you like – they had net jobs. And do not tell me about electronics, for the world is going through a problem because of the Japanese dumping. Check the United States of America. There are 300 Bills in the United States Congress dealing with protectionism and there are at least 150 suits before the Federal Tariff Commission,

including three suits, filed only last week, by Intel and others against the Japanese chips dumping. Do not let us talk, whenever you want the debate I am ready for it. I will publicise the honourable Member as a consultant. I believe the honourable Member is entitled to earn his living in Barbados, and a better living than the honourable Member for St. Michael South Central, because one is a constructive area of activity and the other is not necessarily constructive, it is money grabbing. I believe that. The honourable Member is entitled to get publicity.

They talk about increases in cost. This is a fact of life. The greatest increase of cost we have had in Barbados contributing to inflation is not Stamp Duty. You have to look and see what is the proportion of costs that medical costs have risen to, not only here, worldwide. It is one of those phenomena. It defies inflation. The honourable Member knows that. Whenever people have one per cent inflation, medical costs rise 20 per cent. That happens, it is a phenomenon, nobody has understood it yet. Health costs defy anything to do with inflation.

Asides

Hon. H. B. St. JOHN: The honourable Member says it is not medical fees, it is not personnel costs. I do not know what it is, but I would like to find out. They are not going to trap us in that, Sir. We know that very good.

The position is that the more we look at it, the more we feel confident on this side that the Government has done its best to raise revenue in a situation in which we find ourselves, in which we are linked to a currency of a rising dollar. The honourable Member said we should praise the Government of the Honourable Leader of the Opposition for joining us to the American dollar. The honourable Member should think back, you know. I remember the situation in 1975. The honourable Member joined up to the American dollar because sterling was going too far up. Sterling was the strong currency and he did not want Barbados' cost structure to be hooked on to the rising sterling, so he moved it to the lower peg. That happened in 1975.

Dr. R. C. HAYNES: If the honourable Member will give way on a point of elucidation, I think it is accepted by most people who are familiar with monetary matters in Barbados that the shift from linkage to sterling to linkage to the dollar at two to one in fact was a 10 per cent revaluation of the Barbados dollar in 1975. You will find that in the IMF statistics on the economy.

Hon. H. B. St. JOHN: I will concede that to the honourable Member. What I will not concede, and what I want to remember, is that 1975 was a year in which we had a bonanza year with sugar.

Asides

Hon. H. B. St. JOHN: Henry? I am dealing with the honourable Member and he is telling me, "look Henry." The honourable Member's party decided that it would hook on Barbados' sugar exports to the world market, not to Lome, and that has had an effect on us. Anyway, we cannot go into that. I am positive that I am watching Your Honour getting very restless on the question of relevancy.

The basic position is this that we have a problem in all of these territories where your economy is so open that you are dependent on what is happening abroad. Therefore, where you are in a situation in which importers can switch their imports and therefore reduce the base of your taxation, you have to look for measures to be able to collect it.

The honourable Member was correct when he said that the opposite to what I said was correct. Sterling was going down and it would have increased the cost of living in Barbados and they hooked it on to America. That is correct, but I was thinking of the other act. You see, you have committed so many acts that sometimes I have both of them in my mind, and my mind works along the line that two things come out at one time. I was really thinking of the act, that bad act, done in good faith, done in excellent faith at that time, because he thought that the market for sugar would always be such that the world market price would be better than the LOME price. He gambled and he lost, and we have to pay for his gamble.
4.30 p.m.

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

Hon. L. S. CRAIG: Mr. Speaker, you are aware of the fact, and so is the House, that the Chairman, the Honourable Member for St. George North, is not in the country, and I propose to move that the honourable member for Christ Church West do take the Chair as Chairman of Committees for the remainder of today's sitting.

The question that the honourable Member for Christ Church West do take the Chair as Chairman of Committees for the remainder of today's sitting was put and resolved in the affirmative without division.

On motion of Hon. L. S. CRAIG, seconded by Hon. L. R. TULL, Mr. SPEAKER left the Chair and the

House went into a Committee on the Bill, Hon. H. deB. FORDE in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is now in Committee on this Bill.

Clause 1 was called and passed.

Clause 2 was called.

Hon. L. S. CRAIG: I beg to move that Clause 2 stand part.

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

Mr. B. M. TAITT: Mr. Chairman, I must say that in the tradition of this Honourable House, I would like to congratulate you on your elevation to the Chair, however temporary it may be.

Mr. Chairman, the honourable Member, the Minister of Finance, gave the House the assurance — and I notice he used the word "could", he was very careful to use the word "could" in terms of putting the manufacturers who are of good record on honour. I want to suggest to him that this section we are amending may make it very difficult for the Customs to take account of his assurance to the House.

If you look at page 2, Section 7D(2), it says "No rebate shall be granted....." As soon as we use the word "shall," the discretion is removed from the Comptroller so unless the conditions which are coming up are actually met, the Comptroller will have no discretion because it says: "No rebate shall be granted under this section unless....." so that all these conditions which follow must be met.

I have no doubt that the Minister is taking the point we are making and would, in fact, wish to go on an honour system, and one understands the criteria which he sets up. But it seems to me that it is going to be very difficult to pay on a quarterly basis, for example, if all of these conditions — I do not want to read them out — have to be met. It may be advisable, in the circumstances, to change the word "shall" to "may", unless he does not wish to give the Comptroller any discretion, because, in these circumstances, the goods have to be actually utilised in the manufacture of products for export, and the goods so manufactured have been exported. "To have been exported" means that they have to have left the shore, whereas, as the honourable Member knows, it is perfectly possible that goods have been manufactured for export and are, for example, awaiting transportation. There is an order for them, they have been manufactured, they are, for all practical pur-

poses, exported from the factory, but they have not been exported from the country because they are being held. The Comptroller will have to see documentary evidence that they have, in fact, been exported before he could grant the rebate, according to the legislation we are about to pass.

Similarly, when we look in relation to the duty free exemption, section (b) (ii) says "that such goods have been purchased by a tourist and delivered to the ship or aircraft by which he departed from Barbados." It is possible in the context of ordering that a person with a duty free concession will make an order that will have more on hand than would be sold in a given quarter, because, obviously, it is in his interest to order larger quantities than the amount he sells in a quarter.

I am suggesting that there may be some difficulty in the implementation of the assurance which the honourable Member gave to the House. It is not as if the Customs Comptroller could not do it, but I am saying he could not do it properly, and legally, if we pass this legislation in its present form. I offer it for what it is worth to the Minister.

Hon. H. B. St. JOHN: I looked at that, Sir, and the suggestion is that we would not be seeking to act outside the terms of the Act. We would be saying that you still have to pay it and you cannot get a rebate, but as far as the accounting for it is concerned, you have signed a bond for the totality of the tax but the accounting will be done in such a way that if you send in your records and you have satisfied and proved that you have exported it, your actual liability will then be determined and you will pay that amount of money, because then you would have satisfied all the conditions. I understand it can be done, because there are other general provisions in the Customs Act which allow the Comptroller of Customs to take bonds for taxes in certain circumstances, so they would be the general provisions of the law that we would be dealing with, but it would only be an "on account" provision. You would not be purporting to do anything final, it is only on account, that is all, and it is a bond, and the bond would be for the full amount of the money, using the general power. Discussions are going on with the Export Promotion Corporation and the Comptroller. I can give the honourable Member the assurance that there is nobody pleading the case of manufacturers more than the Export Promotion Corporation. They quarrel every day about what the manufacturers have to do. This will be something done administratively, but you will have to sign the bond for the full taxes. It is like if you have the goods coming in, they are due for taxes, you do not have the Customs document and you sign a bond, and as far as the Comptroller is concerned, once the bond is backed by a bank or whatever, it is as good as the tax, and once you sign the bond up front, there are a number of ways of doing this. We

are discussing this now. If we need to amend the legislation to put it in, we will do it but at the present moment, we do not have any background information. We know now. The pressure is less, because the manufacturer can get back the return.

I am sorry I did not mention one thing. We are going to allow the Comptroller to have what is called, with the approval of the Director of Finance, a below the line account for this. Right now what happens is that when you pay in the tax, it goes to the Accountant General, then you give them a voucher for a drawback, and then you have to go to the Accountant General. With PAYE it does not work that way. With PAYE, the Commissioner of Inland Revenue has an account and he is allowed, just as he has money in there temporarily, to pay back out refunds and then they have an accounting. Now, we are working on that, too. We really want to get a system consistent with being able to collect what is due to us. That is what we are working on.

Dr. R. C. HAYNES: Mr. Chairman, it does bother me a bit, knowing how certain persons function. We may have an honour system but we know how this can be readily undermined by matters not relevant to the assessment of the individuals. I would not go any further than that at this point.
4.40 p.m.

I do not see, if this is the intent, why the Government should at this point pass Clause 2 as it stands, when this can be easily got around either by accepting the amendment proposed by the honourable Member for St. Michael West, or to allow sub-section (2) (a) (1) to read "that the goods will be actually utilised....." and in subsection (2) (a) (11) instead of "that the goods so manufactured have been exported", it should read "will be exported". I think that if "will be" replaced "have been" in those two subsections, that would allow all the flexibility required. Within the context of "will be", you would be able to allow people to bring their goods in and then pay for them when the things are exported.

As it stands now, if you pass the law what are you going to do with it? Are you going to set up a system then to defeat the purpose of the legislation? What is the point of bringing legislation which says that no rebate shall be granted until the goods have been utilised and have been manufactured and exported. That is what the law says. What he is saying now is that he is going to bring in administrative machinery through a whole lot of complex accounting and administrative processes to frustrate the purpose of the Act. It would seem that the sensible thing to do would be to remove "have been" and replace it by "will be" and that would solve the problem.

Under the circumstances, Sir, in the interest of the manufacturers, since the Government is so hard-headed and would not listen – whilst indeed his predecessor would take an amendment the present Prime Minister is the most hard-headed Prime Minister in the entire Commonwealth – I am going to move a formal amendment. I would seek to amend to the effect that the words “have been” be deleted and be replaced by “will be”.

Pause.

Asides.

Dr. R. C. HAYNES: I will withdraw the amendment. Do I hear the Government say they would postpone the matter for further consideration?

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

Clause 3 was called and passed.

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

On separate motions of Hon. L. S. CRAIG, each seconded by Hon. H. B. St. JOHN, the Bill was read a third time and passed.

THE ADJOURNMENT

Hon. L. S. CRAIG: Mr. Speaker, this brings us to the end of today's sitting.

I beg to move that this House do now stand adjourned until Tuesday, October 15, 1985, at 12 o'clock noon.

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

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

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