
THE House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION OF 1986 – 91

HOUSE OF ASSEMBLY

Tuesday, July 22, 1986

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

PRESENT

His Honour L. A. Weekes, (Speaker)
His Honour J. J. Payne, (Deputy Speaker)
Rt. Hon. E. W. Barrow, Q.C., B.Sc., LL.D., (Prime Minister and Minister of Economic Affairs)
Hon. L. E. Sandiford, B.A., M.A. (Econ.), J.P., (Deputy Prime Minister, Minister of Education and Culture and Leader of the House)
Hon. H. deB. Forde, Q.C., M.A., LL.B., (Leader of the Opposition)
Hon. P. M. Greaves, B.A., (Minister of Transport, Works and Telecommunications)
Hon. B. M. Taitt, B.A. (Hons.), M.A., LL.B. (Hons.), (Minister of Tourism and Industry)
Hon. E. E. Greaves, B.A., Ed.M., (Minister of Trade and Commerce)
Hon. Dr. R. C. Haynes, M.B., Ch.B., F.R.C.P. (Edin.), (Minister of Finance)
Hon. M. A. King, Q.C., LL.B., (Attorney General and Minister of Legal Affairs)
Hon. W. O. Franklin, A.I.C., M.I.A.S., J.P., (Minister of Agriculture, Food and Fisheries)
Hon. N. K. Simmons, (Minister of Health)
Hon. H. A. Blackman, (Minister of Housing and Lands)
Mr. D. A. C. Simmons, Q.C., LL.M.
Mr. O. S. Arthur, M.Sc., (Econ.)
Mrs. M. Barker-Welch, (Parliamentary Secretary, Ministry of Employment, Labour Relations and Community Development)
Mr. C. V. Walker, (Parliamentary Secretary, Ministry of Education and Culture)
Mr. L. L. Brathwaite, J.P.

Dr. E. A. Simmons
Hon. W. W. Hall, (Minister of Employment, Labour Relations and Community Development)
Mr. C. A. Neblett, B.A., A.C.M.A.
Mr. C. L. Trotman, M.A.
Mr. R. L. Morris, B.A., Cert. Ed.
Mr. P. J. M. Miller,
and
Mr. R. P. Byer, LL.B., L.E.C.

Prayers were led by Rev. Father Ivan Harewood.

Mr. SPEAKER: The House is in session.

MINUTES

Mr. SPEAKER: The Minutes of the House for Tuesday, July 15, 1986.

Is there anyone to move the Minutes?

Hon. L. E. SANDIFORD: Mr. Speaker, I beg to move that the Minutes for the meeting of Tuesday, July 15, 1986, be taken as read and that they be confirmed as a true record of the proceedings.

Mr. SPEAKER: Are there any objections or observations? If there are none, let the Minutes stand confirmed.

ANNOUNCEMENTS BY HIS HONOUR

Mr. SPEAKER: I am to announce that I have received the following:

Accounts and Statements for the month of February, 1986, as prepared by the Accountant General.

Mr. E. BOURNE entered the Chamber and took his seat.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR-GENERAL

Mr. SPEAKER: I am to announce the following Message:

HIS EXCELLENCY THE ACTING GOVERNOR-GENERAL
TO
THE HONOURABLE THE HOUSE OF ASSEMBLY

His Excellency the Acting Governor-General has the honour to inform The Honourable The House of Assembly that Sir Hugh Springer, GCMG, GCVO, KA, CBE, Governor-General, will be absent from the country during the period 19th to 27th July, 1986, on a visit to Britain to attend the marriage of His Royal Highness The Prince Andrew with Miss Sarah Ferguson. Sir Hugh is accompanied by Lady Springer.

His Excellency further has the honour to inform The Honourable The House of Assembly that under the provisions of section 29(1)(a) of the Constitution, Her Majesty The Queen has designated Senator Frank Leslie Walcott, OBE, to perform the functions of the office of Governor-General during the period of Sir Hugh's absence.

FRANK L. WALCOTT
Acting Governor-General

Government House
BARBADOS.
21st July, 1986.

STATEMENTS BY MINISTERS

STATEMENT RE STATE OF SOCIAL SECURITY SCHEMES

Hon. W. W. HALL: Mr. Speaker, on Monday July 14, 1986, there appeared in the Nation Newspaper a front page story which carried a bold headline "Collapsing Schemes." I know that this story has caused anxiety among many Barbadians. As the Minister responsible for Social Security, it is my responsibility to provide you with the truth pertaining to all aspects of your social security arrangements.

The Nation announced that the Unemployment Benefit and Severance Payments Schemes are on the verge of collapse. With respect to the Unemployment Benefit Scheme, the newspaper indulged in a highly selective presentation of statistical information pertaining to the thirteen month period April 1985 to April 1986. It is significant to note that the deficits which the newspaper highlighted commenced in October 1985. You will notice

that prior to October 1985 the Unemployment Benefit Scheme enjoyed substantial surpluses on its monthly transactions. As of July 14, 1986, the assets of the Unemployment Benefit Scheme stood at \$40 906 985.18. Cash at bank accounted for \$1 446 985.18.

When we consider the current level of reserves in the Unemployment Benefit Scheme, and the pattern of outflows and inflows, you will recognise that there can be no reasonable grounds for despair. The present circumstances were fairly predictable with a small margin of error. The Unemployment Benefit Scheme was established on July 6, 1981. Initially 1.5% of insurable earnings was payable to the Scheme. As of January 4, 1982 the levy was raised to 2.0% of insurable earnings. During the first four years of its existence, expenditure as a percentage of income was low, and the funds' reserves grew rapidly. In June of 1985 the previous administration reduced the contribution rate by 50%; increased benefits from 50% to 60% of insurable earnings, and extended the maximum period of benefit payments from thirteen (13) to twenty-six (26) weeks. These adjustments accompanied by higher levels of unemployment have reversed the fund's pattern of reserves accumulation. In order to turn around this recent trend my Government's thrust is directed toward reducing the level of unemployment. We have no intention of reducing benefits in response to short-term developments in the Unemployment Benefits Scheme.

The Severance Payments Scheme has been under severe pressure since 1984. At July 14, 1986, the reserves of the fund stood at \$1 896 877.72. An amount of \$3 327 038.33 was due to the National Insurance Fund through an alleged error in crediting N.I.S. Funds to the Severance Payments Fund on October 8, 1985. This is an irregular procedure which was never rectified by the previous administration. The current difficulties being experienced by the Severance Payments Scheme are caused by the high level of redundancies since 1984, and the reluctance of employers to pay their portion of severance payments settlements/awards. At present employers owe the Severance Payments Fund more than ten million dollars (\$10 000 000.00).

I wish to assure everyone that my Ministry in collaboration with the National Insurance Board will take whatever measures are necessary to protect the integrity of the National Insurance Fund. The volatility of economic activity during the last three years has exerted strains on our social security arrangements, and it is my duty to keep our schemes under review and make appropriate recommendations to the Cabinet. Our watchwords in relation to the Social Security Schemes are vigilance; foresight and efficiency. In closing, I wish to assure everyone that the future of our social security arrangements is safe in the hands of a Democratic Labour Party Administration.
12.25 p.m.

ORAL REPLIES TO QUESTIONS

Hon. M. A. KING: Mr. Speaker, I beg to give notice that Oral Reply to Parliamentary Question No. 2, asked by the honourable Member for St. Thomas, is ready.

Hon. W. W. HALL: Mr. Speaker, I beg to give notice that Oral Replies to Parliamentary Questions Nos. 3 and 7, asked by the honourable Member for St. Thomas, are ready.

SUSPENSION OF STANDING ORDERS

Hon. L. E. SANDIFORD: Mr. Speaker, I beg to move that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43, 44 as well as No. 32 be suspended for the remainder of the day's sitting.

Hon. B. M. TAITT: I beg to second that.

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

PRIVATE MEMBERS' BUSINESS

Hon. L. E. SANDIFORD: Mr. Speaker, I beg to move that Private Members' Business be now taken, to deal with the passing of a Resolution relating to the Statement on Government's fiscal proposals, and I am also moving that the honourable Member speaking for the Opposition on this be granted 45 minutes for his address.

Hon. B. M. TAITT: I beg to second that.

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

RESOLUTION EXPRESSING DISAPPROVAL OF THE STATEMENT OF GOVERNMENT'S FISCAL PROPOSALS

Mr. O. S. ARTHUR (St. Peter): Mr. Speaker, it is very significant that the Minister of Finance had so little confidence in the Budgetary Proposals which were presented to this House on the 15th July that he did not support them with a Resolution commending them to the House and to the people of Barbados.

We feel, Sir, that these proposals will have far-reaching effects on the economy of Barbados, on the distribution of income between classes in the society, on the financial position of Government and on the balance of payments of this country. For this reason, Sir, the Opposition, though small in number, considers that it has a pressing public responsibility to initiate a full debate on these proposals, to bring, Sir, to the public's attention the truth, and nothing but the truth, about the nature of these proposals, and to sound a warning to Govern-

ment concerning the likely effects of these proposals on the balance of payments in particular, and on the distribution of income in this country.

It is in this spirit, therefore, that this Resolution is brought before the House, because it is our conviction that these proposals, attractive as they may appear to be, will seriously undermine the financial position of Government within 18 months and will put our balance of payments in great jeopardy.

I shall shortly, Sir, bring evidence before the House to support this position, but I feel that I also have a responsibility to rescue the reputation of the Barbados Labour Party from the clutches of the Minister of Finance.

A budget, Mr. Speaker, can only make sense if it is securely rooted in a sober and an accurate account of the state of the economy and the state of public finances at the time of its formulation. The honourable Member for St. Michael South Central (Dr. R. C. Haynes) has sought to convey the impression that the most single important domestic cause of the difficulties faced by the Barbados economy is what he refers to as "the substantial increases in taxation imposed by the 1985 Budget and the so-called Mini-Budget of 1984." He has sought to convey the impression that the Treasury is broke, by drawing reference to the profit and loss account of a selected number of state-owned enterprises, and he has sought to popularise the view that our borrowing requirements this year are related to the debt service payments inherited from the previous Administration. I must, with respect, Sir, correct these misconceptions before I proceed.

On the first matter, Sir, the Minister seems to be suffering from the proverbial short memories of Barbadians. In fact the 1985 Budget did not include any substantial increase in taxation. Indeed, the only tax measures were the increase by 2 per cent of the Stamp Duty and the increase in the Training Levy by one quarter of one per cent. The Budget was financed, as the Minister knows, by improved collections at the Port and the reimbursement to Government of the surpluses of the health and transport levies.

You might also recall, Mr. Speaker, that the Mini-Budget of 1984 was designed to give effect to the Common External Tariff provisions of the Nassau Accord, taxation provisions meant to expand inter-regional trade and the scope for employment creation in Barbados and the Caribbean. Again, the only revenue generation measure was an increase in the Stamp Duty.

The Minister conveniently ignores the difficulties that have faced Barbados as a result of international market difficulties, as evidenced most recently in the

closure of Playtex and the closure of Koves. And I must also add, Sir, that if the measures of 1984 and the measures of 1985 led to over-taxation in Barbados, then over-taxation is still with us, since the present Administration has done nothing to change the measures which were introduced on that occasion.

The Minister has promised a full debate, Mr. Speaker, on state enterprises, and I will reserve some of what I have to say for that occasion. But I must say this: it is ridiculous to say that the past Government was responsible for the losses of Caribbean Airways. It is ridiculous to say this, Sir, when once you recognise that there is hardly any airline in the world which has made a substantial profit since 1982, and I include all those in public hands in the Caribbean as well as airlines like Pan Am, Eastern, Braniff and even People's Airline, which, as you know, recorded a substantial loss of US \$52 million in the first three months of this year.

I also want to underscore the point, Mr. Speaker, that the problems faced by Caribbean Airways are related to the trying times that have faced airlines across the globe. But above all, Mr. Speaker, I want to stress the point that Caribbean Airways was kept flying at a time when the strength of the US dollar was working to reduce the flow of European visitors to Barbados, and at a time when, with the loss of Laker Airways, we had to maintain a link to that market. Like many other things, therefore, Sir, Caribbean Airways cannot be narrowly seen in terms of profit and loss accounting, but should be seen for what it is, a large subsidy, an important subsidy, to the development of tourism in this country.

12.35 p.m.

He speaks of the loss of the Barbados Development Bank, without also noting that the bank emerged from the 1974 recession in a loss position and subsequently set itself right, and without, Sir, alluding to the fact that part of the present difficulties with the Barbados Development Bank relates to the role it is now playing and has been playing recently in rescheduling and refinancing some of the debts held by the private sector of this country.

As for the Arawak Cement Plant, I can only regret that the present Government did not build it when international conditions for the sale of cement were more favourable.

Laughter.

Mr. O. S. ARTHUR: It is also, Mr. Speaker, quite misleading to imply that the full loss of the Arawak Cement Plant falls to the public account of the Government of Barbados, for, as the Minister of Finance rightly knows, a large part of that debt, virtually half of the loss, has to be borne by an equity partner, and leads to a capital inflow to the benefit of our balance of payments.

The Furniture Trading Company, Sir, was established as a developmental effort by Government to assist local furniture producers in meeting the quality requirements needed to penetrate the lucrative extra-regional markets. The Minister therefore does himself an injustice when he views its operations, in the initial years of its functioning, from purely profit and loss accounting basis rather than from reference to its fuller contribution to the country as a whole.

It would have been better, Mr. Speaker, for the Minister to give a fully rounded view of the state of our public enterprises, to allude, Sir, to the profit realized last year by the Barbados National Bank, to allude, Sir, to the profits realized by the Insurance Corporation of Barbados, the Barbados Mortgage Finance Corporation, the financial position of the Port Authority, the Barbados Marketing Corporation, and the returns that we have realized, through the Barbados Labour Party, from our public investments in the Pine Hill Dairy and BET.

As for the charge that we have left an empty Treasury, I am left to wonder, Mr. Speaker, why the Minister has not presented a full statement of public accounts for the first quarter of the financial year. I am left to wonder, Mr. Speaker, why the Minister has not informed the public of Barbados that our revenues exceeded our expenditures on current account by over \$10 million for this period, leaving an amount capable of financing fully one-third of our capital spending for this period. For this reason, Sir, we must reject the assertion made by the Minister regarding the state of our public finances.

We have a similar difficulty, Mr. Speaker, accepting the assertion that when this Government, the DLP Government, borrows \$100 million this year, it is borrowing to repay the debt of the former Administration with that money. To begin with, the external debt service of \$101 million for this year includes, as the Minister knows, private debt repayment and certain guaranteed loans which do not fall to public account. The full extent of the public debt service for this year is \$55.4 million.

More to the point, Mr. Speaker, if we accept the assertion by the Minister that the balance of payments has already been affected by the heavy outflows to service foreign debt this year, including the loan from the IMF, and if, indeed, the debt service for the entire economy for the year is \$101 million, we find it impossible to understand why we must have to borrow \$100 million to service a debt which has already been largely repaid. But we shall come to these things, Sir, in greater detail in due course.

I turn now, Sir, to the Fiscal Proposals.

As I have recently said, Mr. Speaker, when a magician puts what appears to be an empty hat on a table and tries to convince his spectators that he can draw a rabbit from that hat, he only succeeds in doing so because it is the swiftness of the hand that deceives the eye.

Aside.

Laughter.

Mr. SPEAKER: Order, please.

Mr. O. S. ARTHUR: Similarly, Sir, when a Minister of Finance says that the Treasury is broke, and then proceeds to give away millions of dollars from a Treasury which is supposed to be broke, the public should rightly sense that there is some trick involved. I want, Sir, to explain fully the nature of the disguise that the Minister has brought to this House in his Ministerial Statement.

When the fiscal proposals brought to the House on July 15 were first brought to this House in April of this year, the Barbados Labour Party then indicated that we were not opposed to tax relief *per se*. Indeed, Sir, our record since 1976 has been one in which we have judiciously reduced the burden of income taxes, to the point where it has fallen from 24% of revenue to 17% of revenue. We have made a large number of concessions available to promote savings and the development of the productive sectors, and we have removed a large number of irksome charges from the books, including death duties, the Sale Tax and the like.

Our concern was that the level of tax relief should be within a limit that a Government could afford in a financial year — and I stress that point, Sir — in a financial year — without impairing its capacity to deliver the quantity and the quality of services that the Government provides, without increasing the gap between the “haves” and the “have nots” in this society, without putting our balance of payments at risk and without putting the state of public financing in total jeopardy. I repeat, Sir, the Barbados Labour Party is not opposed to tax relief, but we are of the view that such relief should be kept within the limits that the country can afford.

You will therefore recall, Mr. Speaker, that in the debates of April 4, 1986, I tried to show that, if these proposals were put into effect for a full financial year, they would cost about \$139 million and would seriously weaken Government's financial position and the balance of payments. This figure included the cost to the revenue of the reduction in Consumption Tax on energy products, the cost of a grant to the sugar industry, and it was based on the understanding, Mr. Speaker, that the Income Tax proposal meant that each and every taxpayer would be able to have the first \$15 000 free of tax and would,

thereafter be able to claim allowances which were to be increased by 50%.

You will also recall, Mr. Speaker, that the Income Tax proposal was subsequently amended to mean that persons could claim \$15 000 or their full allowances, whichever is greater, and the revised package was costed at \$109 million by the then Minister of Finance in a Statement made before this House. The country was then told, Mr. Speaker, by the spokesman of the Democratic Labour Party, within this House and outside of these Chambers, that we were misleading the public, and that the proposals were feasible because in a full financial year they would cost, at most, \$60 million and, perhaps, as little as \$35 million.

As in everything else, Mr. Speaker, the proof of the pudding is in the eating. The Minister of Finance has now presented his proposals to the House without including the cost of the reduction in the Consumption Tax on gasoline and diesel, and they are supposed to cost, in his estimation, \$67 million in this financial year.
12.45 p.m.

But it is the swiftness of the hand that deceives the eye. The trick, Sir, is that these proposals have not been presented to have full effect for a full financial year — 12 months. In some instances, they are to have effect for eight months, in others for four months, in others for three months, and in other cases, Sir, the cost has been deferred for sometime in 1987. Yet they are to cost \$67.4 million!

My point, Sir, is that the Minister of Finance has now come face to face with reality. He has now come to realize that in a full financial year his proposals will cost over \$100 million and will lead to the deterioration in the state of public finances that the Democratic Labour Party said could not happen. To get himself out of that bind, he has appeared to announce the package in full but he has given each concession only in part.

I shall illustrate, Mr. Speaker, and I shall go on to explain the implications. The only proposal which has really been given full effect in this financial year is the abolition of the Idle Land Tax and its refund. The Income Tax adjustments are, in his words, “to be effective for the income year 1986”, that is the year running January — December. However, they are to be put into effect for the period August — March, and are costed, in his words, at “\$49 million for the eight months for the rest of the financial year.” The Minister knows that if they were to be put into effect for the full financial year, or even for a full income year, they would cost as much as \$72 million.

He also knows, Mr. Speaker, that in order to make the Income Tax adjustments effective for either an income year or a financial year, he would have to immediately give back refunds to all those whose incomes are below \$15 000 and give a tax free month to those whose incomes are above \$15 000, to fully allow the benefits to have full effect in this financial year. I challenge him to give out the refunds and to give a tax free month so that we can at long last know who can and who cannot be believed. I challenge him, Sir, also to deny that in the absence of this, he will have to defer part of the cost of this proposal to the next financial year and that he will have to deal with the cost of those refunds together with the full cost of his Income Tax adjustments in 1987.

Similarly, Mr. Speaker, the Hotel and Restaurant Sales Tax is to be reduced, not for a full year but for four months. The cost to the revenue is to be \$1.8 million. But the true cost, in a full financial year, as the Minister knows, and as he will have to face next year, will be in the vicinity of \$6.5 million.

The reduction in the fees payable by the minibus and taxi operators is for three months, and will cost \$300 000 rather than \$1.2 million for a full financial year.

Also, Mr. Speaker, the Corporation Tax adjustment is to cost \$12.4 million in this financial year rather than \$18 million, because the reduction is from 45% to 35% rather than 45% to a sliding scale between 15% and 35% as promised.

In relation to the Land Tax adjustments, Mr. Speaker, only the hoteliers are to benefit this financial year. The concession promised to homeowners has, in fact, been postponed to become effective on April 1, meaning that the benefits to homeowners and the cost to the Budget will only be realized when claims are made by homeowners as late as December 15, 1987. Homeowners, who were led to believe, Sir, that their Land Tax would be reduced this year, will find that in 1986 that their Land Tax will be the same as in 1985, because the Minister knows that the reduction cannot be afforded this year.

In relation to Stamp Duties again, Sir, the reduction is only for eight months, applies only to a very, very narrow range of goods and does not include medicines as promised, to allow the Minister to give a concession of \$450 000 rather than \$4 million in a full financial year.

The long and short of it, Mr. Speaker, is that the manner in which the proposals have been introduced confirm the Barbados Labour Party's assertion that they will cost over \$100 million for a full financial year. The Minister has chosen to announce them in full, but to give only part of the benefits this fiscal year. In so doing, Mr.

Speaker, he has postponed his day of reckoning, until April 1987, when he will no longer be able to run and hide and when he will have to give full effect to these measures for an entire financial year at a cost of over \$100 million to the Treasury, together with such additional costs as he has postponed from this year to the next.

The Barbadian public, Sir, must be concerned, for while the Democratic Labour Party's Manifesto states what it will do in this first financial year, it does not have a word to say on what is to happen thereafter. It is clear, Sir, that this Government now fully understands that it cannot simply give up \$100 million in a financial year. We are left to suppose, Mr. Speaker, that it will only be prepared to carry these measures into the next financial year, provided that it is willing to borrow heavily to support them or provided that it is prepared to introduce new taxes to replace those which it has given up. The Lord giveth and the Lord taketh away, blessed be the name of the Lord.

Mr. Speaker, I turn now to the effects on the balance of payments.

Mr. Speaker, through this Resolution we wish to call attention to the possible damaging effects that these measures can and will have on the Barbados economy whether implemented in part or in whole. The Government believes that a massive tax cut will be the answer to the economic problems of Barbados because it will put more spending power into the economy, lead to more local spending particularly on locally-produced goods, and thereby solve unemployment. There also seems to be the view that massive tax cuts will also lead to increased savings which will automatically translate into increased investment.

Mr. Speaker, if we were a large industrial economy capable of producing everything that we consume, this strategy could possibly work. The money would be kept within the economy and would circulate within it to the country's advantage. But this is not the reality in Barbados. When we increase spending power in Barbados, Mr. Speaker, we must expect that some of this money will immediately flow out of the country to buy imported goods.

But what happens, Mr. Speaker, when we increase spending on locally-produced goods in Barbados? The truth is that local production has a very high imported content. When we buy a biscuit in Barbados, Mr. Speaker, the wheat is imported, and the same principle holds true in virtually every locally-produced commodity that we can possibly name.

12.55 p.m.

The point, therefore, Sir, is that a strategy of solving our economic problems by increasing our domestic

spending power can only work if we can be assured of an adequate supply of foreign exchange to support the increased demand for raw materials, spare parts, machinery and consumer durables which will result. The positive question is, Sir, does the immediate outlook for exports give us the assurance that such an increase in foreign exchange earnings will be forthcoming to support an increase in domestic spending? The answer, Mr. Speaker, respectfully, is, 'no', and I will show why.

We lost last year nearly one half of our market in Trinidad, and the continuing fall in the price of oil in that country places it in no position to reverse the trend. Indeed, Mr. Speaker, at the recent Heads of Government Conference, the Nassau Accord, which was designed to promote intra-regional trade, was virtually laid to rest. Funds for a new trade credit facility now have to be searched for and secured, and the implication is that we cannot reasonably expect any growth in trade within the region in the immediate future in the face of these circumstances. The recent closure of Playtex and Koves ought to serve a warning that we will still continue to face difficulties in maintaining our exports in extra-regional markets. Tourism, Sir, is growing, but it is growing only at a 2% rate rather than the 20% – 30% rate which underwrote the improvement in our standard of living in the late 1970s. As we know, Mr. Speaker, things are still very tentative in the electronics industry, and again we cannot expect from that industry, in the light of last year's development, the 20% – 30% growth in exports which was the case in the past. In addition, Mr. Speaker, there is talk of a 90 000 tonne sugar crop in 1987 rather than 112 000 tonnes for this year, and there is also talk of a cut in cotton prices from U.S. \$4.50 – U.S. \$2.25 per pound. The only bright spark on the export horizons is the possibility of increased foreign exchange earnings from our captive insurance industry, and even here we have to be guarded because of recent parliamentary developments in Bermuda, which we can go on to deal with in due course.

The export position that therefore confronts us, Mr. Speaker, is one that urges us to be cautious about the rate at which we increase domestic spending in Barbados. In the circumstances, Sir, we truly feel that the strategy being pursued by the Government will give Barbados a moment of pleasure, but that, very soon, we will be faced with the conflict between the increase in domestic spending power and the availability of foreign exchange to support it. We also feel, Mr. Speaker, that, very soon as well, this conflict will give rise to a devaluation which will erode all the benefits that have been extended in this Budget and will put Barbados on the same path as those countries which have not properly managed the relationship between their domestic spending and the availability of foreign exchange. Therefore, Mr. Speaker, when we ask this House to express its disapproval of these budgetary

proposals, we do not do so because we begrudge the benefits being extended to taximen or minibus men or certain sections of our society, or the parliamentarians in this House, we do so because these benefits are being given at a very tremendous cost, and at the risk of putting Barbados on a new path, which leads to destruction.

Mr. Speaker, for completeness I should also add that the measures do not address the real problem of the Barbados economy, the problem of export development. The industries which have been closed down in Barbados of late are those which have been paying little or no taxes, and which had been geared, generally, to producing for the export market. Increases in domestic spending power cannot therefore alter the fortunes of a large part of our economy – it cannot help our electronics industry, nor our tourism industry in any major way, nor for that matter, our sugar industry. We are astonished that, recognising this, the Government has not brought to this House any measures that are directly designed to deal with the problems of the productive sectors, except in the case of agriculture for a small grant to the Barbados Agricultural Society, and in the case of tourism a part deduction in the Hotel and Restaurant Sales Tax and a reduction in the Land Tax, a concession of less than \$3 million to rescue an industry which is producing over \$700 million a year.

We are gratified on this side, Mr. Speaker, that the only measures in these proposals which are to deal with the problems of export development in this country, are the measures that were presented in the Barbados Labour Party's budget of 1986 – and we want to commend our manifesto for your consideration, Sir – which are designed to provide a fiscal framework for increased export earnings from services and also to make it possible, Mr. Speaker, for the tourism industry to enjoy the same kind of concessions for market development as we have previously given to manufacturing in the past. We find it gratifying that the productive sectors of this country in this financial year will benefit only from this Budget from the proposals which you have retained from the Barbados Labour Party.

I turn quickly, Mr. Speaker, to the question of income distribution ethics. We have always been guided by the principle that public policy should be so structured as not to widen the gap between the 'haves' and the 'have nots' in our society and not to subsidise conspicuous consumption. For this reason our efforts at tax reform have been designed to ease the burden of the tax on the poor sections of our population and to attend to the needs of the aged, the fatherless, the unemployed and the handicapped. These proposals which have been brought to this House depart substantially from this norm and will, in our view, widen the gap between the 'haves' and the 'have nots' in Barbados.

I will quickly illustrate, Mr. Speaker. The Corporation Tax in Barbados is paid largely by 18 public companies which are either monopolies or engaged in the distributive trades.

These companies pay the Corporation Tax at the 45% rate of profits. More to the point, Mr. Speaker, these companies are owned, in the main, by the public, and they have done very well for themselves in recent years, despite the high rate of tax. They have paid out healthy dividends, they have financed their expansion from their own sources, and at the end of 1985 these 18 public companies, which account for the largest proportion of Corporation Tax in Barbados, owned basically by 600 shareholders in general, had surpluses of \$130 million. The reduction in the Corporation Tax to these corporations cannot be based on reasons of financial hardship. They will report \$12 million to these shareholders at a time when workers are being laid off from the public service, for lack of funds, and at a time when this Government has to grab at the savings of schools to help finance tax concessions.

1.05 p.m.

We feel, Mr. Speaker, that there must be a more human face to Government in this country. We feel that the proposed cuts in Government spending needed to finance these types of tax concessions given will help to undermine the social stability of this country by taking from the poor to give to the rich. Similarly, some parts of our Income Tax allowances will widen the gap between the rich and the poor.

Under the Barbados Labour Party mortgage interest deductions of \$12 000 a year could be claimed. This gave full relief to the typical Barbadian as defined by the Honourable Prime Minister, the man living in a 16 x 9, and it also gave full relief to persons in Barbados with mortgages of up to \$125 000 and persons earning up to \$48 000 a year. This covers the broad mass of the Barbadian public.

This extraordinary concession of unlimited mortgage interest can only benefit those who wish a subsidy for their conspicuous consumption. I must warn the Minister as well, it can only benefit those who will use it as a loophole for tax evasion. We cannot doubt that the refund on idle land may also provide a bonanza for some people, not all, who in the past were involved in land speculation.

Generally, Sir, there can be no real doubt that the scope of these measures are of a character which will ease the better off of the society far more than truly the needy among us, and cannot assist in making us a land of less disparities.

To conclude, Mr. Speaker.....

(Aside: Hon. E. E. GREAVES: Already?)

Mr. O. S. ARTHUR: I have five minutes more. My colleagues will be dealing with other matters pertaining to the cuts in the capital budget, your confusion over the issue of the levy, because if you carry the levy into the Consolidated Fund, you will also have to carry the expenditures with it, and perhaps I should use this occasion, Sir, to ask on behalf of my constituency whether the removal of the levy into the Consolidated Fund will mean that the Government will not proceed with the completion of the Speightstown Bus Terminal, and I should also use this occasion to ask on behalf of my constituency whether the cut in capital expenditures by \$40 million this year will mean that we will not have the building of a new amalgamated primary school at Speightstown as planned, and matters of that kind.

I wish to conclude. My real task, Mr. Speaker, is to ask all Barbadians.....

Asides.

Mr. SPEAKER: Could we have some order, please.

Mr. O. S. ARTHUR: My real task, Mr. Speaker, is to ask all Barbadians to use their basic good sense and good judgement in examining these proposals. We ask them to look a gift horse in the mouth. We must wonder where a Treasury which is broke will find the resources to underwrite these tax give-aways. Also, Mr. Speaker, the manner in which these proposals have been implemented leaves no doubt that the Minister of Finance now understands that such a package cannot be executed in full in a single financial year without putting Government's financial position in great jeopardy. He has disguised the true cost of the proposals for a full financial year by extending moves for only part of the financial year and by deferring some until next year. He has postponed his day of reckoning and has exposed the country to an uncertain financial future of increase indebtedness, cuts in Government services and the real possibilities of increased taxes in the future as well as a devaluation.

The strategy which the Government seeks to follow has been tried elsewhere and has been shown to fail. The United States now battles with a debt of US \$2 000 billion as a result of a programme of massive tax cuts, and it is now only saved, in part, by its ability to repay part of its foreign debt out of its currency. In the rest of the Caribbean, Mr. Speaker, the recent experience of countries which have gone this way is one of insolvency and an inability to pay their way in the world.

I appeal, Mr. Speaker, to the good sense.....

Mr. SPEAKER: The honourable Member has two minutes more.

Mr. O. S. ARTHUR: of Barbadians which tells us that we cannot get something for nothing. While we

count the benefits, let us also count the costs. Let us learn from the mistakes that others make.

In this spirit I commend this Resolution to the House, and respectfully beg to move that this Resolution do now pass.

Hon. H. deB. FORDE: Mr. Speaker, it is my pleasure to second this Resolution and to reserve the right to speak.

Hon. L. E. SANDIFORD: Mr. Speaker, I beg to move that further consideration of this matter be postponed.

Hon. B. M. TAITT: I beg to second that.

The question that further consideration of this matter be postponed was put and resolved in the affirmative without division.

GOVERNMENT BUSINESS

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

Mr. SPEAKER: Order No. 1.

I want to inform the House that the use of the cameras was only allowed for the Member for St. Peter and it is now the end of their time.

BORROWING BY THE GOVERNMENT BY THE ISSUE IN JAPAN OF BONDS OF SUM OF FIVE BILLION YEN

Order No. 1 was called – To move the passing of a Resolution to approve the borrowing by the Government, by the issue in Japan of bonds, of the said sum of five billion Japanese Yen to be applied to the financing of projects approved in the Barbados Development Plan 1983 to 1988 and other capital expenditure approved by Resolution of Parliament.

Hon. Dr. R. C. HAYNES (St. Michael South Central): Mr. Speaker, Sir, this Resolution is before Parliament today to give effect to a process started by the previous Administration to raise this sum of money as part of its foreign currency needs to finance the Barbados Development Plan 1983–1988 and other capital expenditure approved by Parliament.
1.15 p.m.

The amount of money is for five billion Japanese Yen which would be raised by the issue and sale of bonds on the Japanese capital market. The addendum to the Resolution sets out the terms. The money equivalent in

Barbados dollars is \$57 million; maturity, five years; price, par; interest, not exceeding 7 per cent. The persons in Japan who would be handling this on behalf of the Government are well known to the Members on the other side since they are the same people who have acted on behalf of the Barbados Government before. That, in brief, Sir, sets out the Resolution.

There are one or two comments I should like to make. This borrowing was set in place since 7th February, 1986, when the Government at the time projected that it would need this level of borrowing and an additional US \$ 30 million to meet its capital programme development for this year, and, in addition to protect the balance of payments and the foreign reserve levels of this country. The fact that we are having this Resolution here before us has nothing to do with any act on the part of the Democratic Labour Party. Our proposals have hardly taken effect, and I would like to see how the linkage between the need for this money, and an additional US \$30 million in the not too distant future, can possibly relate to anything done by the Democratic Labour Party.

The Democratic Labour Party believes, Sir, that there are two sides to an equation, revenue and expenditure, and it is that balance that we are trying to restore within the fiscal system of Barbados, in the hope that when we have got over the hump of facing the bunching of debts, particularly foreign debt, over the next five years, we will be able to restore Government's fiscal position to some level of respectability without this continuing borrowing year after year. We are borrowing, Sir, to repay foreign debt, make no mistake about that, and the public of Barbados must know that despite all the words that you hear, which we will reply to in due course and in detail, the Barbados Labour Party not only increased the public debt of this country by some \$1.2 billion in a ten year period, but as a result of that borrowing has created a situation now where this Democratic Labour Party will have no alternative but to borrow at least \$100 million a year over the next five years for the sole purpose of servicing debt and debt repayment.

Sir, we have heard a lot about the debt profile of this country and the allegation that the requirements are not \$100 million. The fact is, Sir, that this year the total requirements for the country amount to \$101 million for the country as a whole, and only \$15 million of that is private sector debt. That is the level of misrepresentation that you can expect from the Barbados Labour Party.

On top of that, Sir, there is another problem, that that debt includes repurchases from the International Monetary Fund, and the honourable Member for St. Peter knows exactly what that can do in terms of the domestic assets of the Central Bank. I have seen notes by him on file where he has pointed out that you have to be very careful about Central Bank financing at this stage,

bearing in mind that you are not only repaying IMF debt, but you are repurchasing Barbados currency from the IMF. I just want to get that straight. So he knows precisely that that is the main danger in terms of the balance of payments of this country. There are two major dangers, Sir: Government's ill-advised capital programme on the one hand and, the fact that we have to repay that IMF debt starting this year.

Mr. Speaker, I should also bring to your attention that the Barbados Labour Party has made false statements in a previous session of this House, on more than one occasion, in informing a previous House that the IMF debt has been paid off on several occasions. On several occasions a former Leader of the House, under the Barbados Labour Party Administration, gave a firm assurance that the IMF debt had been paid off. On several occasions, Sir, I had questioned the level of the assets of the Central Bank of Barbados, and I indicated in debate that the IMF money must be buried in those assets, and again and again I was told, when I was on the other side, that they were finished with the IMF and all the IMF money had been paid off. So let that be very clear. I have access to the files and I know exactly what the money has to go to.

I wish to assure all Barbadians that so long as we do not continue to waste money on non-strategic money wasting exercises and keeping our capital programme under control, once we establish that balance between expenditure and revenue, then there can be no problem whatsoever with the balance of payments of Barbados, financing of deficit, or, indeed, no question of any instability of the currency of Barbados.

Mr. Speaker, one of the most wicked things that I have ever heard from any Opposition is the statement by a member of the Opposition that there were two proposals before the Government relating to devaluation of the Barbados dollar. I say categorically, Sir, that that is a lie. Not only do I say it is a lie; I have asked the officers in the Ministry of Finance whether they have ever had any proposal at any time relating to a devaluation of the Barbados dollar, even under the past Administration, and I was told that the only occasions on which the question of a devaluation of the Barbados dollar ever arose was during the annual meeting of the International Monetary Fund when exchange rate policy was being discussed.

I know perfectly well that in 1983 that was a problem facing the Barbados Labour Party, and I know that I, as spokesman on Finance in the Opposition, took the view that it was my duty, rather than cause any instability in relation to the Barbados currency, to go out there and support the Government and oppose the IMF in 1983. It has all been published already. The results were published in Independence Square many years ago.

It is important to show how people, having been defeated, can be so wicked that they would come to try to destroy this country.

I want to say again and again, and let the public know, that there are no proposals before this Government for any devaluation of the Barbados dollar. There will be no devaluation of the Barbados dollar. It is not part of the strategy of the Democratic Labour Party, and it makes no sense whatsoever to devalue the Barbados dollar, given the nature of our economy. This is nothing other than straightforward, wicked, malicious, dangerous propaganda by inexperienced people in financial affairs.
1.25 p.m.

(Aside: Hear, hear!)

Hon. Dr. R. C. HAYNES: That is what it is.

Asides.

Laughter.

Hon. Dr. R. C. HAYNES: Now, Mr. Speaker, you know.....

Hon. H. deB. FORDE: On a point of order, Sir: I expect that the honourable Member is not speaking of any honourable Member of this House.

Laughter.

Mr. SPEAKER: I expect so, too. Not in here!

Hon. Dr. R. C. HAYNES: Mr. Speaker, it is important to deal with another matter. The past Government has been financing current expenditure for some time with external borrowings, and I am going to give an instance now.

I said on the floor of this House a week ago that the Treasury was empty. I saw a lot of newspaper comments and I heard other comments today. These are the facts, Mr. Speaker. On May 30 Government's overdraft was \$72.4 million above the legal limit. They had *bust* the legal limit with the overdraft. The outstanding cheques were \$44.4 million on May 30, 1986.

Aside.

Hon. Dr. R. C. HAYNES: Not one cent in the Treasury of Barbados!

Then we saw a statement issued that I omitted to state that there was \$50 million in a sterilised account in the Central Bank of Barbados for Government's account. It is a fact, Sir. There were \$50 million there. I drew

down \$20 million of it in order to try to correct the situation.

(*Aside:* Mr. O. S. ARTHUR: That is what we put it there for.)

Hon. Dr. R. C. HAYNES: But what the people must understand is that the \$50 million in the sterilised account in the Central Bank of Barbados was borrowed money. Borrowed money!

(*Aside:* Hon. H. deB. FORDE: "Borrowed money?")

Hon. Dr. R. C. HAYNES: In other words, the situation was, Sir, \$72.4 million on overdraft, *busting* the overdraft, \$44.4 million in outstanding cheques and \$50 million — Mr. Speaker, I will quote directly from the Central Bank of Barbados.

Aside

Hon. Dr. R. C. HAYNES: I understand perfectly what I am doing.

Mr. SPEAKER: Which year?

Hon. Dr. R. C. HAYNES: "Later, \$50 million were....."

Sir, sorry. This is the Central Bank of Barbados annual Report 1985, page 4:

"Later, \$50 million were borrowed in US dollars in London. The proceeds of the second loan were placed on a sterilised deposit for Government at the Central Bank."

Asides.

Dr. R. C. HAYNES: That is what we are talking about, Sir. That is the same Japanese loan.....

(*Aside:* Mr. O. S. ARTHUR: That we did not use. That you are using now).

Hon. Dr. R. C. HAYNES: that was intended to flow through the system this year, and the other external borrowings that had gone through the system the previous year, which will reflect, Sir, when you look at an analysis of the assets of the Central Bank and when you look at the amount of Treasury bills being held by the Central Bank at any point in time. That was the trick that was being used in order to keep the net domestic assets of the Central Bank down to the lowest level — through foreign

borrowing. But it will be exposed in detail, and be exposed on the televisions of this country in due course.

Mr. Speaker, many people have asked us why it is we have to go and borrow this money when we have over \$300 million in foreign reserves, as appeared in a guest editorial in the *Advocate* of Barbados, some \$357 million.

Asides.

Hon. Dr. R. C. HAYNES: The facts are as follows, Sir: On May 30, 1986 the liquid reserves of Barbados were a mere \$132 million.

(*Aside:* How much?)

Aside.

Hon. Dr. R. C. HAYNES: One hundred and thirty-two million dollars. All the other monies in excess of that, money largely owed to us under the CARICOM Multilateral Clearing Facility — and I spent all yesterday with the Deputy Prime Minister of Guyana trying to find ways and means to see if we can recover that money over 10 or 15 years through projects and so on — \$30 million of that \$132 million consisted of short-term borrowings and \$45 million in money market securities, steel bonds and so on. That is the \$132 million that they told us that they left us to work with.

Asides.

Hon. Dr. R. C. HAYNES: They told us. You heard the language used, the smoothness of the language and so on. It is the same path of deceit which has dominated Barbados Labour Party presentations in this Parliament down the years.

(*Aside:* Hon. B. M. TAITT: True!)

Hon. Dr. R. C. HAYNES: But you will not escape, because even if the files have to be published, they will be published, so that the Barbados Labour Party will be totally exposed for any damage it does to this country.

(*Aside:* Hon. H. deB. FORDE: Excuses.)

Hon. Dr. R. C. HAYNES: Mr. Speaker, I am telling you that if there was any danger to the instability of this country, it would come because of the high levels of external debt over the years and the virtual collapse of the exporting sector of Barbados under the Barbados Labour

Party. But, Sir, we feel that we will be able to borrow this money, and with our new fiscal programme, we will be able, in due course, to stabilise the domestic economy, and that in itself will be able to make its impact on the financial stability of the productive export sector of Barbados. It is a myth, nothing but a myth, an MBA myth, a BSc myth, to believe that there is no connection between the domestic economy of Barbados and the external economy of Barbados.

Asides.

Laughter.

Hon. Dr. R. C. HAYNES: I say this, Sir, that the first step we have to take is to try and stabilise the domestic economy, try and get people in jobs, try and enhance productivity.....

(Aside: Hear, hear!)

Hon. Dr. R. C. HAYNES: and the linkages between that and the external sector will in due course, along with other measures that we will be taking to try to bring the balance between activity in the domestic sector and activity in the export sector — that happy marriage — allow us to be able to develop this country without relying entirely on borrowings externally for prestige projects.

Mr. Speaker, I believe that by simply bringing those few facts — confidential, Ministry of Finance and Planning — and your handwriting is in there, too...

Laughter.

Hon. Dr. R. C. HAYNES:.....it is in there.....

Asides.

Hon. Dr. R. C. HAYNES:.....by simply bringing those facts, and every week I will bring them down, too, to this Parliament, you will see what would happen.
1.35 p.m.

Furthermore, Mr. Speaker, we have made some important steps which I think we should probably be looking at now. We are looking critically at the cement plant to start to reduce the losses there, because they are heavy foreign exchange losses. We are looking very carefully at Caribbean Airways to see how we can reduce the losses. Again, a lot of the losses are foreign exchange losses. We are looking very critically at all those projects.

We feel, Sir, that we will be able to bring benefits to the elderly in the society, we will bring benefit to house holders, we will bring benefit to pensioners, we will

bring benefit to the poor, we will generate employment, and I would like to assure the people of Barbados that I will insure that the money that we borrow not only will help stabilize our reserves position, help to maintain our balance of payments position, but would also help to finance meaningful capital programmes, capital programmes not based on corruption, capital programmes not based on kickbacks, capital programmes not in hundreds of millions and \$90 million and \$60 million, but several small capital programmes that have a multiplying effect throughout the society where the big man, middle man, the small man — everybody — will get a piece of the cake and jobs will be generated in Barbados.

(Asides: Hear! Hear!)

Hon. Dr. R. C. HAYNES: We will ensure that, whilst we protect our external environment, we will get a housing programme going in Barbados which has a tremendous multiplying effect throughout the society in terms of the satisfaction of the people and job creation.

I want to assure the people of Barbados that the package of measures which the Government of Barbados has introduced to this Parliament was not just a giveaway, but a package designed to stimulate economic growth for job creation and to create an atmosphere of appropriate prosperity for the people of Barbados, which they deserve. They have suffered long enough.

It is regrettable that we have to borrow this money. We have no choice in the matter. As I said at the very beginning, this was programmed since early February of this year.

Mr. Speaker, I hope that the people of Barbados would recognize the extent to which they have followed their natural instincts and got rid of a Government that brought nothing but hardship to them, and, in addition to that, was taking this country down a path of communistic-type development. That was the direction in which it was going. That was the path along which it was going, where the Government was taking a bigger and bigger share in the lives of people, where there was hardly a single person in Barbados, apart from a few independent professionals, who ever felt that he could live a life in Barbados unless he is in some way dependent on the Government. Let it be clearly understood that this Government is embarking on a policy that leaves the resources with the people of Barbados for their further development, because we believe, particularly in a small society like this, that an appropriate balance between the public sector and private sector intervention in the economy is necessary, even for the preservation of our freedoms in the long run.

Mr. Speaker, as I have said before, this money is necessary for the three reasons which I have stated. I have set out the background to it.

I beg to move that this Resolution do now pass.

Mr. SPEAKER: The honourable Member for Christ Church West Central.

Hon. M. A. KING: Mr. Speaker, I just rise to second the motion and reserve my right to speak.

Mr. SPEAKER: The honourable Member for St. Peter.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, when last I spoke in this House on the question of external public debt, it was basically to make the point that I do not treat our external public debt as a numbers game, because I feel that a healthy and mature approach must be brought to bear by all entities in this country in relation to the size of our debt, in relation, Sir, to the need for debt in the past, the need for debt at the present, and the need for the debt in the future. And before I say anything else, Mr. Speaker, Sir, and in the spirit of maintaining a mature and a healthy approach in this country to the question of external debt, I just want to make it clear that, from my own perspective, Sir, and I am sure that from the perspective of the Opposition of this country, we will support such loans as are raised by a Government in this country that are designed to improve the standard of living of the people of this country, if such loans are to be used for the purposes of expanding productive sectors of this society.

I will go further as well, Mr. Speaker, that as part of the business of having a mature and healthy attitude towards external debt, I could even, from a personal point of view, agree with a Government borrowing money at one time period in order to repay money borrowed at a previous time period. It is something, Sir, that is being done on a day by day basis by many sections of the United States population. In the early 1980s interest were high, and one now, Sir, with interest rates low, should, as a matter of financial prudence – and people are doing it day by day in the United States of America – borrow money at lower rates of interest to roll or re-finance debts that were borrowed previously at higher rates of interest.

I say, Sir, that I feel that time has come for this country to have a mature and healthy approach to the debt. We must have this approach, Sir, because there is no developing country on its way up that has ever been able to develop without relying upon some injection of foreign resources. Indeed, the United States of America was in an extra-ordinary debt position up to the First World War and has subsequently reverted to the position of many developing countries in this world. The reason why I must say this, Sir, is because we in Barbados will find that at various stages in our development we will not have the full amount of foreign resources in order

to give effect to the plans that should be put into effect to raise the standard of living of this country. And if we have, Sir, to raise funds to create productive assets, to create assets in this country which have a possibility of expanding this country's income, employment and foreign exchange earning capability for years to come, to help not only this generation but generations to come, I shall support it in this House. I can support it in this House, Sir, because when we analyze the composition of the debt incurred by the Barbados Labour Party over the last ten years, any reasonable person will come to the conclusion that we can show what we have done with loans.

Mr. Speaker, the Arawak Cement Plant, an asset that the Opposition is perhaps viewing from a purely short run perspective – because if the Minister of Finance and Planning knew anything about resource-based industries, he would know that in the initial years of operation of most new industrial plants that there will be a considerable.....

Asides.

Mr. O. S. ARTHUR: This is not theory. This is practical industrial experience, Sir.

The Arawak Cement Plant will be there to earn income, generate employment and earn foreign exchange for this country for generations to come, and we run the risk, Sir, of viewing its usefulness to this country by focusing too much on purely profit and loss accounting techniques and not viewing its wider implications for this society's development. I can speak, Sir, in terms of Heywoods, the loans that we have borrowed to build the airport, the loans that we have borrowed to expand the port, the loans that we have borrowed to improve our training institutions – all, Sir, usefully used to widen the productive base of this country as well as to create the basis for an improved standard of living for the people of Barbados.

1.45 p.m.

We can show what we have done with the loans. We can also point to the fact that in relative terms, although the Government does not want to agree with the point, the size of our foreign debt and the size of our debt service payments are not of an order of magnitude that should cause a Government to be alarmed. This debt is manageable, has always been manageable, and we do not agree with the view that developments in this country must come to a halt because the Government must find, on its own account, \$17.3 million of foreign exchange to repay its debt, or the country, as a whole, must find \$101 million to repay debt that has been incurred in the past.

Where I disagree with the Minister of Finance, Mr. Speaker, as I said in my earlier presentation, is the impression that he seeks to create, that this debt to be borrowed this year is to be used purely to repay past loans. I must disagree with that for the argument that I have already advanced, that you cannot say that the entire debt to be repaid by the whole country is \$101 million, say that in one breath, and in the next breath say that the balance of payments in the first quarter of the year has already been adversely affected by massive outflows of foreign exchange to service debt, including the IMF loans. If you have to borrow \$100 million in one year, and there already has been a massive outflow to service the debt, including the IMF loans, pray, tell me, why must you now borrow an additional \$100 million to pay debt that has already been paid? That is the burden of my point to you.

Aside.

Mr. O.S. ARTHUR: I am saying that the argument being advanced by the Minister in relation to the need for this debt is an argument that is misleading the House, since if the balance of payments has already been severely affected in the first quarter of the year by a massive outflow of foreign exchange to service the debt, including the IMF loan, and if the total amount of the debt is only \$101 million, pray tell me, why must you borrow an additional \$100 million to pay the debt? Pray, tell me! I do not have to tell you. If it is only costing \$101 million for the whole year and in the first three months you have already paid up a lot of it, why do you still have to borrow \$100 million?

Let us agree, Mr. Minister of Finance, that part of this debt is to help finance the capital programme – and I am not quarrelling with that – and part of this debt as well is to help you to cushion the effect of your tax giveaways. It is as simple as that. Let us bring to this House a new attitude of frankness

Asides.

Mr. SPEAKER: Order! There is a Standing Order in this House which says that others must remain in silence while a Member is speaking, and should only speak when the Speaker asks them to do so. I would like Members to bear that Standing Order in mind, please.

Mr. O. S. ARTHUR: We have already serviced, as he said, and as the creature of the Minister of Finance has already said, in the first quarter of the year, so why are you borrowing \$100 million to service \$100 million that has largely been paid? You are borrowing the money, as in fact said in the Resolution, to help finance part of your capital programme. We have no quarrel with your borrowing for that purpose. As I said, we subscribe in the Barbados Labour Party to a Government borrowing

money to help build the country, to create a better way of life now and a better way of life into the future. But what we will not agree with you on is that you should be borrowing money abroad to finance tax giveaways, because, remember, my principle goes only as far as borrowing for productive purposes. I take objection to the Government before 1976, the Government between 1976 and 1981 and the Government now borrowing externally merely for the purpose of financing immediate consumption.

Mr. Speaker, there are some things which the Minister has said, not pertaining to the debt but pertaining to the state of public finances, which could be misleading. It is true that last year the Government of Barbados did borrow money from County Bank. But what did we do? The foreign exchange went into the general pool, but we took a deliberate decision last year that, having regard to what we know was going to be the debt position and the foreign exchange position of the country to come, the Government would not itself transform that foreign exchange into its own domestic currency to be put into the Consolidated Fund. If we had done that, we would have in point of fact caused the reserves not to increase, because the money borrowed and transformed into domestic currency and then used by the Government would have added to the total spending in the economy and would have worked towards reducing the amount of reserves that the country would have had at its disposal. So that in a sense, Mr. Speaker, what we did last year, we borrowed the foreign exchange – this is a fact – but we sterilised the domestic – as the Central Bank Report says – because the intention has always been for us to come into 1986 with a volume of reserves that would allow us to be able to cushion such increment in our external debt service as we knew was going to occur.

Mr. Speaker, so that when the Minister of Finance makes it appear as if it was a big sin that we created a suspense account at the Central Bank with the monies that were borrowed last year, the Minister of Finance obviously does not either understand what he is talking about or he is trying to mislead the House. It was our way of protecting Barbados from what we knew were the debt service things. We could have, rather than putting the money in a suspense account, called upon it in a pre-election year, speeded up spending in Barbados, drained down the reserves and left any Government in 1986 in a position in which it could not know how to service its proper obligation. But we created the suspense account to make sure that the monies that we borrowed last year did not just pass through the system and flow back out of the country, because we recognised the need for us to put this country in a position where it can meet its obligations from year to year. This is what the Minister is criticising us for, that we left him with a fund that he could draw on in the Central Bank if the need arose.

On reflection, Mr. Speaker, I am now sorry that the Barbados Labour Party did not use it. I can only regret now that the Barbados Labour Party did not use it, that we did not, as you are now planning to do, speed up spending by refusing to sterilise the loan to ensure that reserves built last year are able to help us finance the increment to the debt this year. We could have done that, but we put Barbados first.

Mr. Speaker, I therefore want to merely reiterate the points that I have made in this brief presentation, that I will in this House, on behalf of the Opposition, try to get across the view that Barbados is still in a position where it will need to borrow today and borrow into the future. In that respect, we do not differ from any developing country in the past nor do we differ from any developing country at present. I am therefore prepared to bring support to any Resolution by the Government which is to borrow money to finance the expansion of the productive base of this country. There is absolutely nothing wrong with it, and the sooner we get that view across to the people of Barbados as a responsible Parliament, the better it will be for this country.
1.55 p.m.

I am even prepared, Mr. Speaker, to agree that when interest rates drop, and drop sharply, there is nothing fundamentally wrong for a Government to do what ordinary people do, to borrow at lower rates to refinance its debts, to borrow at lower rates of interest to turn over debts that were borrowed at higher rates of interest and take them off the books. I am even prepared to agree to that.

I am not prepared to agree that external debt should be incurred merely for the purposes of immediate consumption. And since, Mr. Speaker, the numbers before this House suggest that this debt to be incurred cannot truly and in full be used for the purposes of repaying former debt, because, as I have already established, the balance of payments have already been affected earlier this year by the outflow — the Central Bank has said it — and since you are cutting the capital budget and there is less of a need for you to borrow if your capital programme has been cut, and since, Sir, we are absolutely convinced that this loan is being borrowed for the purposes of financing your tax giveaways, I must say, Sir, that I have nothing but the greatest difficulty in supporting this Resolution, unless additional evidence is brought to bear that can convince me to the contrary.

Thank you, Sir.

SUSPENSION OF SITTING

Hon. L. E. SANDIFORD: Mr. Speaker, I think we should break for lunch at this stage.

I beg to move that this sitting be suspended for one hour for lunch.

Hon. B. M. TAITT: I beg to second that.

The question that the sitting be suspended for lunch until 3.00 p.m. was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the sitting accordingly.
2.00 p.m.

ON RESUMPTION

Mr. SPEAKER: The sitting is now resumed.

ORAL REPLIES TO QUESTIONS

Hon. L. E. SANDIFORD: Mr. Speaker, I beg to move that we revert to the item, "Oral Replies to Questions."

Hon. M. A. KING: I beg to second that.

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

QUESTION TIME

Hon. L. E. SANDIFORD: Obviously we are into Question Time, and that is the motion that I was actually moving, that Question Time be now taken and we revert to the item "Oral Replies."

Mr. SPEAKER: Question Time.

The honourable Member for St. Thomas, Question No. 2.

QUESTION RE CLOSURE OF SPRING GARDEN HIGHWAY

Mr. D. A. C. SIMMONS: Question No. 2.

Hon. M. A. KING (Christ Church West Central): Mr. Speaker, the reply to Question No. 2 is as follows:

Yes, Sir.

There was an extraordinary heavy build-up of traffic on the section of the highway between Exmouth and the Brighton junction and in the interest of public safety, the Police decided to close that section of the highway.

No specific traffic regulations were made but the Police acted under the authority of Regulation 102 of the Road Traffic Regulations 1984 in order to prevent congestion of traffic and danger to the public on that section of the highway.

Hon. H. deB. FORDE (Christ Church West): Mr. Speaker, Sir, will the honourable Member state the reason.....

Aside.

Hon. H. deB. FORDE: It is a supplementary. I am entitled to a supplementary. The honourable Member must read the Rules of the House.

Will the honourable Member state to this House the reason for the extraordinary build-up of traffic on that day and whether the reason for the extraordinary build-up could have been anticipated, given events taking place on that day?

Hon. M. A. KING: Mr. Speaker, the reason for the build-up was because there was a beach picnic which was being held by the St. Michael West branch of the Democratic Labour Party on the beach in that area, and there was such a massive crowd attending the picnic that traffic, both motor and pedestrian, built up on the highway.

Hon. H. deB. FORDE: Having regard, Mr. Speaker, to the fact that that event was advertised, did the Minister not think it prudent that the closure should have been contemplated earlier and provision made for it in the regulations?

Hon. M. A. KING: Mr. Speaker, the representative for St. Michael West did, in fact, apply to the Chief Technical Director for closure of the road, but that was refused.

Mr. D. A. C. SIMMONS (St. Thomas) Mr. Speaker, Sir: Would the Honourable Attorney General give us the date of that application for closure and the reasons for refusal.

Hon. M. A. KING: Mr. Speaker, perhaps I should read the letter from the St. Michael West branch, dated June 10, 1986, addressed to the Commissioner of Police, Central Station:
3.05 p.m.

Dear Sir,

On behalf of the St. Michael West Branch of the Democratic Labour Party and the Parliamentary Representative Mr. Branford Taitt, I have been directed to seek your permission to host a Beach Party on Sunday June 15, 1986 at Brandon's Beach, as part of our victory celebrations. It will be held from 10.00 a.m. until 5.30 p.m.

We further seek your permission to have the Spring Garden Highway from the junction of Exmouth to Brighton Corner closed from vehicular traffic for the purpose of persons crossing over the highway to the beach.

We look forward to hearing from you.

Sincerely

Marcia Austin,
Branch Secretary.

c.c. The Chief Technical Director.

The reply from the Commissioner of Police dated 86/06/12 reads:

Dear Madam,

Re: Beach Party on 86-06-15

Your letter dated June 10, 1986 on above subject refers.

I should like to inform you that Police are not the competent authority from whom permission should be sought for closure of the Highway. However I have seen that you have copied the letter to the Chief Technical Director but this position should have been in reverse. I have however spoken to him and the matter is receiving attention. I suggest that you call his office.

It is not a necessary pre-requisite that you seek permission of the Police to have a beach party which is no more than a public gathering thereon as the beaches of our island are already vested in the public.

I will like however to give the assurance that as we can anticipate the likelihood of a large crowd, I shall ensure there will be a Police presence capable of maintaining a healthy atmosphere for your enjoyment.

S. C. Holder. A.C.P.
for Commissioner of Police.

To conclude the matter, I will just read the memorandum signed by Mr. Boyce, the Deputy Commissioner, I think he is. It is dated 86/07/14.

Subject: Re: Beach Party of the Democratic Labour Party

I refer to our (Parris and Boyce) conversation on 1986-07-11.

2. We received the attached correspondence from the St. Michael West Branch of the Democra-

tic Labour Party and we undertook to police the Beach Party but gave no commitment to close the Spring Garden Highway.

3. However by 13:00 hours on 1986-06-15, there was a very heavy build-up of traffic on the Spring Garden Highway with pedestrians crossing in both directions on the Highway.

4. The density of traffic, the festive occasion and the high speed authorised on that Highway necessitated that urgent steps be taken to mitigate the danger which was becoming imminent, so the Police be virtue of the authority vested in them by Regulation 102(1) of the Road Traffic Regulations 1984 between 13:00 hours and 18:00 hours closed the Highway to through vehicular traffic between the Exmouth and Brighton junctions.

C. V. Boyce
for Commissioner of Police.

Hon. H. deB. FORDE: Mr. Speaker, having regard to the fact that the correspondence read by the honourable Member discloses an error on the part of the applicant in not directing the application to the right authority, will the honourable Member tell us what proposals there are for ensuring in future that persons know to whom such applications should be directed, what publicity will the honourable Member give to the right authorities, and what steps will be taken by the police in the future to ensure that the public are educated on the correct regulations and the correct procedure to be followed?

Hon. B. M. TAITT: A supplementary, Sir: in light of the fact that the Barbados Labour Party apparently kept the people in ignorance and it will be left to the Democratic Labour Party to enlighten them, and in light of the fact, Sir, that the honourable Member has brought that question to this Chamber, would the Minister agree that it is clear that the Barbados Labour Party does not care if the little children from that area are killed in large numbers?

Mr. SPEAKER: Are there any other supplementaries?

QUESTION RE OFFICIAL RATE OF UNEMPLOYMENT IN 1985

Mr. SPEAKER: Parliamentary Question No. 3 stands in the name of the honourable Member for St. Thomas.

Mr. D. A. C. SIMMONS: I wish to ask Your Honour's permission to divert from a practice that grew up in

the last ten years, merely to read the number of the Question rather than read out the Question, Sir.

Mr. SPEAKER: The Standing Orders make that perfectly clear.

Mr. D. A. C. SIMMONS: Mr. Speaker, question No. 3.

Hon. W. W. HALL (St. Michael West Central): Mr. Speaker, the Reply to Parliamentary Question No. 3, asked by the Honourable Member for St. Thomas, is as follows:—

“Statistics published by the Barbados Statistical Service from the Continuous Household Sample Survey estimated the official rate of unemployment in Barbados for 1985 at 18.7%. At the end of March 1986, the official estimate based on sample surveys fixed the rate of unemployment at 15.6%. The estimated rate for the second quarter ended 30 June 1986 is not yet available.

Accurate manpower surveys and sectoral analyses of unemployment are being undertaken and the results will be published as soon as they become available.”

Mr. D. A. C. SIMMONS: Mr. Speaker, a supplementary: Will the Honourable Minister therefore agree, in the light of his published statistics, that it is quite untrue to say that the rate of unemployment in 1985 was between 35 per cent and 40 per cent?

Hon. Dr. R. C. HAYNES (St. Michael South Central): As a supplementary: Would the Honourable Minister agree that a full man power survey is going to be the only way to get the true and accurate figure of the level of unemployment in Barbados?

Hon. W. W. HALL: Mr. Speaker, in response to the honourable Member for St. Michael South Central, the answer is, ‘yes’.

Hon. H. deB. FORDE (Christ Church West): Mr. Speaker, will the Minister confirm that at the moment the present method being used in his department, and on which the Ministry of Finance relies for its statistics, is not by way of a manpower survey but by a household survey, which has been in practice in this island for some time?

Hon. W. W. HALL: Mr. Speaker, the answer to that was given in the affirmative.

Mr. SPEAKER: Are there any other supplementaries?

QUESTION RE PAVILION AT BRIDGEFIELD,
St. THOMAS

Mr. SPEAKER: Parliamentary Question No. 7 stands in the name of the honourable Member for St. Thomas.

Mr. D. A. C. SIMMONS: Mr. Speaker, Question No. 7.

Hon. W. W. HALL (St. Michael West Central): Mr. Speaker, the Reply to Parliamentary Question No. 7, is as follows:—

“The former Government made no provision in the Capital Estimates of Expenditure for 1986–87 for the construction of a pavilion at Bridgefield, St. Thomas. However, consideration will be given by this Government to such construction along with the general development of Bridgefield and the rest of St. Thomas.”

3.15 p.m.

Mr. SPEAKER: Are there any supplementaries? Well, that brings us to the end of Question Time.

GOVERNMENT BUSINESS (RESUMED)

Hon. L. E. SANDIFORD: Mr. Speaker, I beg to move that we do now revert to Government Business and that consideration of Order No. 1 be resumed.

Hon. B. M. TAITT: I beg to second that, Sir.

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

Mr. SPEAKER: Order No. 1.

Mr. D. A. C. SIMMONS: Mr. Speaker, Sir.....

Mr. SPEAKER: The honourable Member for St. Thomas.

Mr. D. A. C. SIMMONS:.....I first heard of this Japanese loan on April 3 this year, I believe it was, during the reply by the now Honourable Minister, when he was chief spokesman for the Opposition in the last Parliament. I believe it was then said that he had had information from a Japanese black man.....

Laughter.

Mr. D. A. C. SIMMONS: I have his words here, Sir. I have his words. He said so. I have never seen one of those fellows yet, but he had this information.

Mr. SPEAKER: Please address the Chair. I must have order, please.

Mr. D. A. C. SIMMONS: I am addressing the Chair. I am addressing the Chair, Sir. There is disorder in those ranks. This Japanese black man had told him in Washington that the Government was planning to raise this loan on the Japanese capital market.

What I would first wish to hear from the Minister in his reply, Sir, is what is the true purpose for this loan? Last week, when we were addressed by the Minister in his Ministerial Statement of Budgetary Proposals, I formed the distinct impression that this loan was being raised — it was referred to tendentiously in that Statement — to pay off debts. Now I see in the Resolution that it is being raised to finance capital projects, and specifically, to finance projects relating to Government's development programme 1983–88. The two purposes would seem to me to be quite distinct and apart, and I feel that the Honourable Minister has a duty to tell us clearly whether it is to pay off debts or whether it is to finance capital projects. If it is to finance capital projects, I would wish him to explain why there is need for this loan, when we have been assured that Government's capital expenditure for this fiscal year has been reduced by \$40 million to a level of \$150 million.

During the speech of the Honourable Minister, Sir, he referred to the fact that, on assumption of office, it was found that the Government's overdraft had exceeded the limit of \$70 million and that there were still outstanding cheques of \$44 million. The Minister never paid any regard to any cheques or any revenue that may have been incoming at the time to reduce the size of the overdraft. If he has the figures, I would wish him to disclose them to see whether this overdraft would have remained overdrawn for a substantial period of time or whether it was only fluctuating on a day-to-day basis, as was perhaps the more likely event, and as would happen perhaps with any individual or business.

The County Bank loan, as I understand it, Sir, of US\$50 million, was negotiated by the Government last year. The money, in foreign funds, came into the island and remained in a suspense account. It was not drawn down because the Government then, knowing that it would have had debt servicing in this fiscal year preferred to hold that \$50 million and roll it over at a time when it was necessary to draw it down to do debt servicing rather than pass it through the system in the year that it came in to have an adverse effect on the balance of payments. It is like an individual who knows that he will have to finance a debt next year of \$20 000, negotiates a loan this year and puts it on one side on an interest bearing account, to draw next year

to finance the debt that will accrue in that year, rather than putting it in his own funds this year and liquidate it or rinse it out. As simple as that, Sir!

I cannot see that that is inappropriate or bad financing or bad management. And I do not address the question of the level of interest rates: I do not address that question at all, Sir. So I do not believe that the past Administration can properly be castigated for the negotiation of the loan and, if you like, its failure to use the loan in the last fiscal year. Indeed, if the loan had been used in the last fiscal year or in this year, the present Government would have been without that \$50 million to help them through this fiscal year, Sir.

The Honourable Minister hinted at losses in Government statutory boards, but losses in Government statutory boards are not new phenomena. Both the present Government, when they were last the Government, and the Opposition, when we were last the Government, can truthfully say that a number of statutory boards and state enterprises never functioned to their maximum capacity or ability. In the case of the Democratic Labour Party, I have always held that one of the reasons for the defeat of the Democratic Labour Party in 1976 was the failure of a number of statutory boards to function efficiently and effectively. The National Housing Corporation – I remember the year 1975 – only 169 houses were built in the year 1975, the year just before the Election of 1976. There were problems at the NHC

Aside.

Mr. D. A. C. SIMMONS: I am remembering that. from the Central Bank Report of 1976.
3.25 p.m.

The BMC, Carib West, Bath Plantation, International Seafoods – none of them I believe can be held up as exemplars of good financial profitability.

In the case of Caribbean Airways, under the Barbados Labour Party's Administration there have been losses. The past Administration was prepared to accept that in order to increase the volume of tourists to Barbados, and, by extension, increase the volume of foreign exchange likely to result from increased tourist traffic, it was necessary, if you like, to factor in a subsidy in Caribbean Airways. Caribbean Airways for this year is projected to lose – I say "only," in comparison with past debts – only \$3.6 million. I wish the Honourable Minister to contradict me if I am wrong. The financial projections for this year for Caribbean Airways are \$3.6 million in losses. You have to consider that Caribbean Airways has opened routes hitherto not known in this part of the world in Europe, not serviced by airlines from this region – we are into Zurich and Brussels and all of these places. We are trying to develop another market

for tourists from routes, centres and sources other than the traditional. So that the policy objectives, in my submission, were sound, Mr. Speaker.

The fact that the airline has lost money is not a unique fact in respect of airlines in the world, since particularly the oil crisis in the mid-70s, Sir. The honourable Member for St. Peter (Mr. O. S. Arthur) earlier alluded to Peoples Airline, Eastern Airlines – we see what is happening to Eastern in Barbados on CNN and other sources of information that we get in Barbados. British Airways only recently has had to cut back. They are still unprofitable, virtually every airline, and I do not think it serves us well to suggest the abandonment of Caribbean Airways merely on the ground that it has lost money, if we can afford, grant it, to reduce the subsidy and to continue the penetration of those markets from which we are trying to attract additional tourists.

There was a time, shortly after the election, that I feared the demise of Caribbean Airways as a result of statements made by members of the Government. I thought they were going to bury Caribbean Airways, and indeed, when the appointments to the board were made, I was sure that you were going to bury Caribbean Airways, because one of the appointees is an undertaker. I was glad to see that last week one of the board members tried to reassure us that the death is not imminent.

Caribbean Airways has been recently, within the last year certainly, the subject of a study by Aer Lingus, which will be available to members on the other side now – it is there in the files – and the point that is made by Aer Lingus is that Caribbean Airways is providing an essential service to Barbados. I remember that after the collapse of Laker Airways we approached BWIA, and the costs involved in a link with BWIA were prohibitive. I believe that the Aer Lingus study is suggesting that Caribbean Airways could be profitable on the present routes provided there is no contamination of the route by BWIA. These are matters for study by the Government, and they have plenty of time to come and devise a policy that we hope will assist in the reduction of the losses of Caribbean Airways even greater.

Asides.

Mr. D. A. C. SIMMONS: Not here. No, no!

The Honourable Minister of Industry and Tourism is lamenting the structural arrangements around this table and the fact is that we cannot curse anybody. We do not want to curse anybody. We will not even follow the example of the Honourable Minister in his opening remarks, when he was most descriptive of a Member of the Barbados Labour Party in relation to prognostications about the possibility of devaluation. He was described as wicked, malicious, pernicious, even a liar. But it is strange

how the twist of time can change people's roles and how people can be cast in the roles of demons.

Asides

Mr. D. A. C. SIMMONS: I am not calling anybody a vagabond, Sir.

Laughter.

Mr. D. A. C. SIMMONS: Mr. Speaker, Sir, you know that the Rules of this House preclude the use of language like that — preclude pejorative expression. I could not call anybody in here ruthless, power hungry, impressionistic, unscrupulous, even reckless. There are persons in politics in Barbados who have been so called by persons no longer in politics, not even on earth but under the earth. I remember that, for about three years, there was one person in political life in Barbados who, about three weeks before a Budget was due, predicted pressure on the balance of payments, predicted devaluation, was called a prophet of gloom and doom, and all of those predictions came to nought. A person who has been so described is today the Minister of Finance.

Sir, it must not be thought that.....

Asides

Mr. D. A. C. SIMMONS: Table too friendly? It must not be thought that the three members of the Opposition must sit in Parliament merely as hearing-aids. It must not be thought. The power of thought is not given to any one man, and really I find it a little tiresome to think that after four sessions in Parliament and a piece in here too, Sir — I have seen both sides, like the Honourable Minister of Employment — finding odd jobs for people, I hope — I am finding it a little unfair to hear the suggestion coming from the other side, and a gentleman called Mr. Douglas Leopold Phillips, who wrote on Sunday, that comments about the economy of Barbados are the sacred preserve only of one or two people who by training may be expert, or who by study may have equipped themselves to be able to discuss these matters. I mean like the Honourable Minister of Finance. He is a doctor but he really worked hard to teach himself and to imbibe at the feet of people at Cave Hill. He was a good student as to the principles of economics. Now we will know whether he has learnt well, from the implementation of the theories.

3.35 p.m.

So that, Sir, I really will not, in the face of all the abuse that could come, be cowed from giving vent to my own thoughts about

Aside.

Mr. D. A. C. SIMMONS: I am replying to the point on devaluation that was made by the Honourable Minister of Finance. Even the honourable Member for St. Peter says that the present fiscal and economic policies being pursued by the Government could lead to devaluation. That is an opinion which I know is honestly held by the honourable Member for St. Peter.

(Aside: Hon. M. A. KING: Which you do not share.)

Mr. D. A. C. SIMMONS: I really share it wholeheartedly, to such an extent that I was even quoted a week ago, I believe

(Aside: Hon. B. M. TAITT: Out of context.)

Mr. D. A. C. SIMMONS: No, the *Advocate* was most accurate, the *Advocate* was very accurate.

Sir, since the Barbados Labour Party Government contracted the loan of Japanese yen, I cannot vote against it, because I felt it was a good financial investment to make. All I want to know truthfully from the Minister is, what are we to believe? Is it, as you said last week, to pay off debts? Or is it for capital development? That is all I want to hear from the Minister truthfully, because the Resolution and his words in the Statement last week are at variance, so there has to be one or the other in this.

Perhaps the Minister can tell us what is the true level of the public debt. I think he said \$1.2 billion. In April he was saying \$1.454 billion. It is \$1.5 billion now? Anyway, he will reply. We will not have any cross talk. That is the problem about this table.

So that, Sir, I am prepared to support this Resolution, but we want some frankness from the Honourable Minister of Finance about the true purpose of the loan, Sir.

I am obliged to you.

Hon. B. M. TAITT (St. Michael West): Mr. Speaker, if one listened carefully to the submissions that have been made so far from the Opposition one would think that they had brought the Resolution and we had attacked it and they were defending it. I think the record has to be put straight.

I wish to take the honourable Member for St. Thomas (Mr. D. A. C. Simmons) first. He talks of Caribbean Airways in a manner which suggests that Caribbean Airways is to be considered in the same vein and in the same context as Eastern Airlines and other airlines which have lost money. The question is not whether the airline has lost money or not, the question is whether Caribbean

Airways has functioned in the way it should function, and, if not, what was the cause. The cause has to do with the fact that Caribbean Airways has the worst reputation of any airline anywhere in the world at the moment. I repeat, Caribbean Airways, until the other day when the Right Honourable Member for St. John (Rt. Hon. E. W. Barrow) made a statement to put in place a Board and injected some money into the airline and let it be known across the world that we are seeking to assist in bringing the airline back to the standard required, had the worst reputation.

I wish to say for the record that, ever since Laker failed, the tour operators have no faith in Caribbean Airways, the other airlines have no faith in Caribbean Airways, the passengers have no faith in Caribbean Airways. The fact is, Mr. Speaker, that were it not for the new possibilities for Caribbean Airways, this country's tourism was in danger, and still is in danger, in so far as it applies to Europe and the United Kingdom, of suffering from the shenanigans of those persons who had the responsibility for running Caribbean Airways. Therefore, it is not a question of having opened routes to Zurich or to other places, it is a question of the Caribbean Airways having created the kind of atmosphere for this country as a whole, and its tourism industry and matters relating thereto, as to make Barbados a sufferer for having an airline at all.

The foolishness which arose from Caribbean Airways indicating that it was going to bring a route from Houston to Barbados has resulted even today in a number of negatives for this country in the travel industry. Mr. Speaker, do you know that the Barbados Labour Party Government was giving serious consideration to purchasing a single aircraft, a DC-9, \$40—something million.

Aside.

Hon. B. M. TAITT: Even you know that they have no range.

Mr. Speaker, we must not fool ourselves about mistakes that have been made, and I do not intend to spend time discussing in detail foolishness that occurred under the guise of policy, but the fact is that unless certain steps are taken to bring some kind of organisational and constructive relief to Caribbean Airways, the whole country, not merely the airline, is in danger of suffering as a result of some of the foolishness that went on. I do not wish to go into great detail.

Aside.

Hon. B. M. TAITT: The Honourable Member is talking about hyperbole? I recommend him to go and have discussions with the people who did the *Aer Lingus* study themselves. I have nothing to gain from standing

in this Honourable Chamber and having hyperbole about Caribbean Airways. The study the honourable Member referred to, if it is examined in detail, would demonstrate that there is no tour operator in Europe that will recommend Caribbean Airways as an airline seriously to be considered, and that is the basis on which airlines, of whatever colour or whatever description, will survive or otherwise.

If the honourable Member will pay attention to what *Aer Lingus* themselves have said, he will realise that a tremendous amount of harm was done, perhaps with the best will in the world. I am not going into detail about that.

3.45 p.m.

Asides

Hon. B. M. TAITT: I will go into detail.

We are going to provide assistance to the airline that will allow it to function.

You are saying to me *sotto voce* that I do not know what is in the *Aer Lingus* study, because you feel so or you think it is a good thing to say. Let me say this to you. Representation is being made on a continuing basis about the development of tourism as it applies to the United Kingdom and as it applies to Europe, and, therefore, I do not wish to go into details because we are not here to bury anybody, and I appreciate the honourable Member not understanding why I am not going into great detail.

I want to move a little bit to the honourable Member for St. Peter (Mr. O. S. Arthur), of whom it has been allowed to go forth in this country that if you say you are an economist, then every word that comes out of your mouth as it relates to the economy must be taken ponderously, with weight and seriously.

I want to say this: there are certain verities that, when they are spoken, no matter who they are spoken by they are true. If you wish to discuss in a vacuum the whole question of deficit financing, there are certain principles which no one is going to disagree with. But that will not itself save you from the facts, as they are to be related.

Sir, it has been put abroad that tourism was on the rebound. The honourable Member is famous for saying that. I have here the Caribbean Tourism Statistical Report for 1986. This is considered to be the Bible for this region on information. This document is sought after by all of the reputable agencies in international affairs on matters to do with statistics on tourism in the Caribbean.

I want to show you, Sir, how you can be misled, when you are talking about what you borrow money for, into believing, if you do not have the information, information that is put out merely because of who puts it out. It has been suggested, as I said, that tourism is on the rebound.

Asides

Hon. B. M. TAITT: Two per cent rate of growth.

I want to say that what we are concerned about is not the borrowing *per se*. We are concerned that the Barbados Labour Party borrowed in excess of \$800 million and we cannot find any productive capacity arising out of that borrowing.

Asides

Hon. B. M. TAITT: I am coming to tourism.

You borrowed money for the Arawak Cement Plant. You built the Arawak Cement Plant. You have a capacity such that, if we keep the cement plant for the next 60 years, it will not break even. You have spent about \$210 million to build a cement works when, in fact, we had recommended a cement works for a certain.....

Asides

Hon. B. M. TAITT: It is \$210 million. However you turn it, it is \$210 million.

We had set up a cement works that would have produced about 175 000 tonnes. You went — not you, because I hear him now talking about politicians who have gone, and the three of you who have survived, may have survived because you are not practitioners of the politics of those who have gone.

Asides

Hon. B. M. TAITT: I know you do not want me to talk about Arawak, but I want to talk about Arawak to show you how your statements about tourism are invalid. This country has gone an extra one million dollars in debt unnecessarily. Furthermore, the Arawak Cement Plant is likely to rape this country in terms of the size of the extract which it must take — when the honourable Member starts to talk about extracted industries and fundamental industries, we are creating a vast hole in the fundamental structure of Barbados because of the rate at which we are extracting....

Asides

Hon. B. M. TAITT: I know you think it is foolish. It is precisely because you do not pay any consideration to these matters.

You have created a cement works which is calling for a capacity that is far in excess of anything that we would ever need in Barbados. We would have to sell cement at \$60 a bag for the Arawak Cement Plant to break even at any point in the next ten years.

(*Aside:* Hon. E. E. GREAVES: Talk about Puerto Rico.)

Hon. B. M. TAITT: They have gone into Puerto Rico and are selling cement in Puerto Rico at a price lower than it costs to produce it in Barbados — and talking about trying to break into a market! — and then, as a result of that, little Barbados is being accused of dumping. You can imagine!

Asides

Hon. B. M. TAITT: You should be. We are now in danger of having an international court case because we are accused of dumping cement in Puerto Rico. And you come in here talking about fundamental investment! And when the honourable Member for St. Michael South Central talks about corruption, that is what he is talking about — he is saying that when you can have a plant for \$120 million and you build one for \$300 million, you have to start asking what happened to the difference between \$120 million and \$300 million.

Asides

Hon. B. M. TAITT: You wish me to give you details then and be specific? They know, Sir. They know I am deliberately using figures that do not apply to the Arawak Cement Plant specifically because I am taking a "for instance."

Asides

Hon. B. M. TAITT: The Press can report whatever the Press wishes to report. The Press will report that you said we are going to devalue. The Press in Barbados will go out and report that the eminent economist said that there will be a devaluation in Barbados, when every single person who has studied first year Economics knows that a devaluation in Barbados cannot be of any value to this country whatsoever. Only the wicked and the pernicious, or those who are looking for headlines, will publish that we are going to devalue in Barbados. You are neither wicked nor pernicious, so therefore you are looking for headlines.

Mr. Speaker, I wanted to make the point that when you look at the \$90 million road ...

Asides

Hon. B. M. TAITT: Yes, that is why we are here. We can stop it. It is very well for you to say "You are there now, stop it." The Honourable Minister ...

Mr. SPEAKER: Address the Chair, please.

Hon. B. M. TAITT: I beg your pardon, Sir.

Because he is now in Opposition and a few bits of information may be dropping his way and he may hear that we are intending to correct a lot of the foolishness that they do, he is saying from his seat, "Stop it." Well, we will stop it if we have to stop it. The fact is that there is no need, and everybody agrees that there is no need, for a \$90 million road in Barbados.

I will come to the Furniture Trading Corporation. I gave this Honourable House this assurance that I would give them details, specific and complete details, about that particular investment. Suffice it to say in passing that perhaps that is the worst investment this country has ever made. The record will show that I accused them of corruption, so do not talk about what I said in Opposition. The Speaker will not allow me to say now what I said in the Opposition, so do not say I supported it. I am going to bring the details here because I am saying it is the worst investment that we have ever made. The idea is a good idea, but the foolishness that has gone on! And it is only systematic of the Barbados Labour Party's approach to these matters when it was in Government.

The three Members over there in a strange way, except for the IMF, they may be exempted from the strictures which are being placed upon the Barbados Labour Party, but since they choose to defend it, they have to live and die with it. They may be exempted. The honourable Member decided early that he was getting out of that. The other honourable Member, through intervention, was not involved, and he was a chairman of a statutory board, so when he says that the statutory boards did not function, he left one because of the foolishness. And this other honourable Member, Sir, I am not going to spend any time on him, because he advised, and not all the time, as I understand it, was his advice taken. But the truth is that the Barbados Labour Party has a long string of unfortunate decisions made in relation to statutory boards and in relation to state corporations.
3.55 p.m.

(*Aside:* Mr. D. A. C. SIMMONS: None as bad as yours in 1975.)

Hon. B. M. TAITT: Mine on sugar in 1975? In 1975 we made the highest profit that anybody ever made on sugar in Barbados and he says that mine was bad. We

made the decision to take \$40 million out of it and give it to the people, and I still live to hear the honourable Member talking about a Government which is putting a differential between the "haves" and the "have nots."

The honourable Member does not wish to debate on that at all, because the Barbados Labour Party had fought us on taking \$40 million out of the sugar industry and distributing it among the people of this country. Don't forget that we were lambasted by the people in the Barbados Labour Party for having the courage in 1975, first of all, to go and market the sugar. Let me remind you that the Democratic Labour Party had every right to take any amount they wanted to out of the sugar industry, because it was the Democratic Labour Party Government that went out and marketed sugar. Up until then the CSA arrangement between the sugar producers in this country and the moguls in Britain was an arrangement of convenience. It was the Democratic Labour Party that had the courage to go into the marketplace and say this is how you will sell sugar and taught them how to sell sugar, and they have never looked back. So do not come to us to discuss 1975. The honourable Member chose an unfortunate year. It was the best year that they ever had in this country.

Furthermore, if I may take this opportunity, Mr. Speaker, I want to allude to certain columnists who, in their attempt to make the Barbados Labour Party look good even as the people of Barbados reject them, suggest that the Barbados Labour Party brought the inflation down to 3%. The Barbados Labour Party took this country over at an inflation rate of 2% in 1976, September. The Central Bank statistics will show it. Sir, it was 2% in September, and then they took it and carried it sky high and then managed to bring it back to 3% after the United States intervention. For one week they have it at 3%, and now we have a columnist writing saying that they brought it to 3%! One week they had it at 3%!

We can tell you specifically how you have performed, because each one of us on this side, all 24 of us, have studied you well. We know you. You cannot escape. We have gone through the length and breadth of this country discussing you specifically, so if you wish us to discuss you.....

Mr. SPEAKER: Let us discuss the Resolution.

Hon. B. M. TAITT: Yes, Sir. I am really speaking on the Barbados Labour Party's shenanigans in relation to the borrowing of money. They have borrowed so much money that they allow us to speak on anything, because they borrowed money left, right and centre, and when you ask them what the money was for, they tell us it was for development, and when we look for development, we find that there is no development whatsoever.

Since he is insisting that I talk about tourism, let me say this: Barbados borrowed money for tourism. You said that Barbados borrowed money for productive purposes and you are proud of the borrowings, and you said, furthermore, that Barbados is at the point of take off in tourism. This is a document called "Trends." It is published by a company in Barbados, Pannell, Kerr, Forster.

Aside

Hon. B. M. TAITT: A partnership. You have reached the point where you have to start splitting hairs between what is a company and what is a partnership. I am glad you know the difference. Whoever they are, they are authorities on documentation about hotels, and here is what they say. They have been able to point out that the occupancy percentage in 1986 has dropped from 75% in 1986 to 54%, in many cases. They have been able to show:

"As predicted....., the results of May show a substantial fall in overall occupancy from 75% to 54% overall." That means all of the hotels; the big ones, small ones, little ones, tiny ones.

"The apartment hotels and apartments were hardest hit with May occupancies"..... listen to this, Mr. Speaker..... "of 40% and 14% respectively."

I am reading from "Trends in the Hotel Industry, Barbados," which I will make a document of the House. "The apartment hotels and apartments were hardest hit with May occupancies of 40% and 14% respectively."

The point I want to make here is that when he is talking about growth in tourism, we had a skewed input of tourism during the cricket in Barbados. Suddenly, all the hotels were full.

Asides.

Hon. B. M. TAITT: This is July 21, 1986. Do you want to read it? I am reading Trends for May 1986. It is the very latest. The honourable Member next to you is telling you. I thought that the honourable Member for Christ Church West (Hon. H. deB. Forde), on assuming the role of Leader of the Opposition, would have raised his level, but he is still nit-picking and trying to see if he can put me off, when he knows that what I am saying is valid.

I am saying that excluding the luxury group, the average rate or other categories is between \$60 and \$70, and it shows that in April the average achieved rate was \$141 and it fell to \$118. If you look at the payroll costs, they only increased significantly.

In other words, what I am saying, Mr. Speaker, is that the attempt on the part of the Opposition to suggest that tourism had started to move.....

Mr. O. S. ARTHUR: On a point of elucidation: The point I made today was an entirely different point to the impression that the Minister is trying to convey. The point I made is that for the first quarter of the year the growth in tourism was 2% and that it was not strong enough for us to believe that tourism could underwrite any major expansion of domestic spending. The impression that the honourable Member for St. Michael West is trying to create, to the effect that I tried to say that tourism was on the point of a big take off, is quite misleading. My point was — and the facts will show that I said so — that tourism grew by 2% for the first quarter of the year, as stated by the Central Bank, and that that was not enough to underwrite, from a foreign exchange point of view, any major expansion in our domestic spending. That is the point I made, and I would not allow the Minister to mislead the House.

Hon. B. M. TAITT: You see, Sir, the honourable Member has horses for courses, so that particular elucidation is to deal with a particular point. You have left the impression with your favourites, the journalists, that tourism is on the take off. I am discussing the image that the Barbados Labour Party has sought to give the people of Barbados ever since May 28. I am dealing with the general information which you can find in a headline. The honourable Member here knows, and that is why he is not getting into this, that the impression which has been given to the people of Barbados is that the Treasury is not empty, tourism is ready to take off, industries are coming in. That is the impression which you are leaving with the public, and that is what I am standing here to refute. You have left the country in a particular stage, and the people know it. They knew it on May 28, and they still know it, and nothing you say

(Aside: That is irrelevant.)

Hon. B. M. TAITT: I know it will be irrelevant now. Anything is going to be irrelevant once it does not assist you. It is true it is irrelevant to you, that is why there are only three of you. If you had paid some attention to the relevance of what I am saying, your leaders would not have spent so much money unnecessarily, and borrowed money and made arrangements to go to the Japanese to borrow large sums of money — you were going to borrow twice as much. And now you are coming in here saying that you were borrowing then so we would have money now!

Asides.

Hon. B. M. TAITT: But you tried recently to say it is the Minister of Finance. You see, you cannot go back and forth. Mr. Speaker, they cannot keep running back and forth, they have to keep a steady course. You are trying to pin this money on the Minister of Finance. You are trying to say that he is borrowing this money to finance the goodies.
4.05 p.m.

(*Aside:* No.)

Hon. B. M. TAITT: You are saying, "No, no" and he is saying, "Yes, yes".

Aside.

Hon. B. M. TAITT: But that is what the honourable Member has said. I will give way and let him get up and say that he did not say that. The honourable Member has said that he wants better information before he could support this Resolution because this money is being borrowed to finance the goodies in the give away package. Am I correct?

(*Aside:* Mr. D. A. C. SIMMONS: Correct.)

Hon. B. M. TAITT: Thank you.

I am saying that we have, therefore, to lay out the whole thing, the whole thing has to be spread out on the table, so the people of Barbados would know that we are in fact borrowing the money, but that the money we are borrowing is the money which you set out to borrow back down in May/April, which we are forced to continue because the system works. You are saying a capital programme, and that is why I had to go to the Arawak Cement Plant, *et cetera*.

Mr. SPEAKER: Time.

Hon. B. M. TAITT: Very well, Sir. If I may wind up. Do not mind the Resolution coming in here. The civil servants wrote the Resolution and put in the words. If the words say, "to finance development projects," that does not give you licence to come in here and mislead the journalists and the rest of Barbados. We are borrowing this money because you programme the borrowing, and the Minister of Finance is doing what he has to do because incoming Governments honour the commitments of outgoing Governments. That is why we are borrowing the money, and that is the only reason why.

Thank you, Mr. Speaker.

Mr. SPEAKER: The honourable Member for St. Lucy.

Hon. E. E. GREAVES: Mr. Speaker, I just want to make a short intervention on this debate particularly since the Arawak Cement Plant has, in one way or another, featured in the debate.

I was interested to hear the honourable Member for St. Peter (Mr. O. S. Arthur) saying that the Arawak Cement Plant has to be seen in the context of a long term investment and, therefore, what is being lost now ought to be recognized as something which will be for the future development of this country. It is true that any investment of the size and type of Arawak must be seen in the context of future development. But I think the history relating to Arawak Cement Plant ought to be laid out here in order to get the debate, any debate, for that matter, on Arawak, in its proper perspective. Of course, we are talking in terms, Sir, of the borrowing of money and the way in which money which is borrowed is used to assist in financing some projects which are ongoing.

You would very well recall, Sir, that it was somewhere in the 1970s that the Democratic Labour Party conceived of the idea of constructing a cement plant in St. Lucy.

(*Aside:* Mr. D. A. C. SIMMONS: Nineteen hundred and sixty-one.)

Hon. E. E. GREAVES: I gather that at the time when the idea had reached a point where some action was going to be taken the cost of the plant which the Democratic Labour Party had planned to construct was somewhere in the vicinity of Bds\$60 million. This was around 1975. As a matter of fact, I think that documents from the World Bank would indicate very clearly that this was the position. I recall the Prime Minister making the point that the World Bank wanted to get into the project, because he was even interested in getting them involved in the project. However, they agreed to do some financing.

You would recall that it is true that the Democratic Labour Party lost the Government in 1976 and we were not able to get the cement plant constructed at the time, but certainly we had identified an area of land which was going to be used for the construction of the plant, and the then Government had also identified a boat which was going to be used for the transfer of clinker between Barbados and Guyana, and which would generally have been used for the transport of cement after the construction of the plant. And you would recall, Sir, that the Barbados Labour Party in those days — I happened to be the representative for St. Lucy in those days and I well recall.....

(*Aside:* Hon. B. M. TAITT: As you are now.)

Hon. E. E. GREAVES: As I am now, of course, after a temporary sojourn in the wilderness, if one could call the Senate the wilderness. The honourable Member for St. Thomas (Mr. D. A. C. Simmons) and I had some good days up here.

The fact of the matter Sir, is that the Barbados Labour Party opposed the construction of a cement plant in Barbados. I well recall the former Member for St. Lucy, at a meeting in St. Lucy, indicating that a cement plant would be constructed in St. Lucy over his dead body.

Asides.

Hon. E. E. GREAVES: Over his dead body!

I further recall my opposition, anything that I said — and the record

Aside.

Hon. E. E. GREAVES: Mr. Speaker, I remember very clearly any position that I have taken on this — the record would indicate — and I defy the Member for Christ Church West, the Member for St. Thomas, the honourable Member for St. Peter to go in any record, anywhere in Parliament, and find anything which I have said other than my concern was that we had to make sure that, in constructing the cement plant, we did not do any damage to the environment and that we had to control the fall-out of the dust. As a matter of fact, I remember the former honourable Member for St. Joseph making the point in opposing the construction of the Arawak Cement Plant — and this is a matter of record in the House of Assembly — that the dust which would fall out from the Cement Plant would kill all the marine life in that part of St. Lucy and St. Peter.

So that they do not have a record relative to the cement plant, other than a bad investment, because they then moved the construction cost from \$60 million to BDS\$198 million. As a matter of fact, Sir, when the Arawak Cement Plant was conceived, it was conceived on the basis of primarily providing cement for the domestic market with some extras being exported. But they moved the size of the plant, and it is interesting to know the way in which the very size of this plant changed. When the Barbados Labour Party won the Government in 1976, Mr. Ronald Mapp, who was then, I believe, the Minister of Housing, in this Chamber, said that they were thinking in terms of building a mini cement plant, and the Prime Minister, the late Mr. Tom Adams, went to Switzerland and came back and was very impressed by a mini cement plant that he saw in Switzerland and said that he would now scale down the operation from \$60 million to this mini cement plant that he saw in Switzerland. But after that, what we found was that they then came with this

grandiose scheme, \$198 million! That is the size of the plant and that is the size of the problem with which we are faced today.

4.15 p.m.

Sir, I do not have to tell you about the Duffus Commission and the investigation which was conducted, part of which investigation was to do with the cement plant and the sale of the North Point. All of that is a matter of history. But the fact of the matter is that today we have a cement plant of the magnitude which I described, and, Sir, the problem are as large as the expenditure on the cement plant.

It is a fact, Sir, that today the Arawak Cement Plant is faced with a situation where, as a result of the price of cement which is being sold on the Puerto Rican market — notice what I am saying, I did not say you were “dumping” — as a result of the price of the cement which is being sold on the Puerto Rican market, the Arawak Cement Plant is now threatened with a court case in the courts of the United States of America. There is a Puerto Rican company which has engaged a firm of New York lawyers who have written to the Barbados Government threatening to take action against the Arawak Cement Plant for dumping. It is also true, Sir, that this action is being revived since the Democratic Labour Party came into power, because I must say that when one checks the file, one will see that this threatened court action dates back somewhere in 1985. They have revived the threat and we have, therefore, to look at the situation. We have passed the letter to the Attorney General, and, of course, the Government is monitoring the particular problem.

We are very concerned in the Democratic Labour Party about the possible fall-out in this particular matter. I do not think that it could be said that we in the Democratic Labour Party are opposed to the Arawak Cement Plant. As a matter of fact, it was the Democratic Labour Party that conceived the construction of the Arawak Cement Plant. I want the record to show very clearly that our intervention has nothing to do with the question of being opposed to the cement plant, or, indeed, advocating the closure of the cement plant. However, I think that the public ought to know the facts, the possibilities and indeed the problems which confront the plant.

I have no doubt that the plant can make a contribution to develop the infrastructural and housing development of this country, but the whole question is: at what cost? One of the things which we have, therefore, to look at, particularly now, in the whole question of the marketing of cement is to see where, in the light of the dumping which is taking place at the present moment by Venezuela and Colombia in the Eastern Caribbean market, what other markets we could break into and try to see

how we could get our Caribbean partners to become involved in the purchase of the cement from the Arawak Cement Company. But there is a question of the pricing. We cannot compete with the cement from Venezuela or the cement from Colombia, and we have to try to seek out markets and, therefore, try to get the Arawak Cement Plant on a proper footing.

I am sure, Sir, that, with the way in which we are approaching these matters we would hope, in the not too distant future we will be able to come back to this Honourable Chamber and make some announcements which will certainly see a better future for the Arawak Cement Plant. But, for the time being, I would want to say that, as far as this particular matter is concerned, we have to be very careful, particularly in the light of the threatened action before the United States of America Courts on this matter.

Mr. SPEAKER: The Right Honourable Member for St. John.

Rt. Hon. E. W. BARROW: Mr. Speaker, we started this afternoon with a Resolution for the approval of a loan to be raised by a private issue in Japan. I think that the honourable Member for St. Michael South Central (Dr. R. C. Haynes) has already demonstrated that the purpose of this loan is for refinancing and repaying part of the tremendous debt burden that this island has incurred.

I am very embarrassed, and I did not intend to speak on this Resolution, because I do not really approve of the idea of Barbados borrowing any money at this time or at any other time. But I belong to a political party and I am a citizen of this country, and, as a citizen of this country, I do not wish this country to get a bad name, and up to now we have not had a bad name in the financial world. We have managed to pay our debts and we have had a certain amount of credit worthiness in countries all over the world.

I do not agree that the Minister of Finance should go to Japan, but he is going. I do not agree with any Government Minister going outside of Barbados to borrow any money from anybody. I made my position clear on this, but the Minister of Finance has been persuaded by his advisers that, if he does not go, we may not get the money, and I am very sad about that, and I am serious.

I think that the Governor of the Central Bank should go alone, because it would have to be due to his bad advice, and I am not pulling any punches at this stage of my political career. I have been in here for 35 years and I do not have to apologize to anyone except the people of St. John, and I am not going to participate in this business of sheltering people who have sold this island down the river. It would have to be due to his bad

advice, or to his lack of basic manhood, if he gave good advice in failing to resign from the position which he is larging off with, in a structure which is bigger than Buckingham Palace, that we find ourselves in this predicament. We are representatives of people, we are not representatives of central bankers, and I hope that I am going to manage to prevail on the Minister of Finance to let him go out there alone and get the money and not be associated with him in any exercise like this.

I agree that no matter who incurred the debt, we do not operate a banana republic, that as soon as one set of people get in, they line up everybody else against a wall with them wearing dark glasses and shoot them, although that might be a proper fate for them. We do not operate that way. We get in Parliament, we say that we are going to borrow money, and although we may not agree on the purpose for which the money is being expended, the country has incurred the debt. We do not have any Development Plan in the Democratic Labour Party for this year or next year. We are busy cleaning out the Augean stables. And while I am on stables, I do not see why anybody in Barbados should apologize if they refer to somebody who cleans stables. The place where I learned to play cricket was behind some cow sheds, and in Barbados a person who looks after the cows is known as a cowboy. But in America it is part of the American ethic that they are glorified as part of the Horatio Alger story that a cowboy can occupy the most important position of Government. So it is a compliment for me, speaking as a Barbadian, to refer to a gentleman as belonging to that profession that looks after cows. So I do not see that you need to be apologetic about that.

I want to make my position clear. Anybody who lends money is a hawker. We glorify money in capitalist societies as if it was something. Barbadians will go in church and talk, shell peanuts, eat sugar cake, cheer and do every kind of thing. They will go into the bank and they are as quiet as church mice are supposed to be. They treat a bank with sanctity, and a bank is a place where people are hawking money. They do not manure the money. They toil neither do they spin, yet Solomon in all of his glory was not arrayed like one of these bankers.

What is money but something that you are renting out? Why should Ministers of a sovereign independent country like Barbados have to go on bended knee to people who are hawking money? Why should the Prime Minister of Barbados have to go to Austria or to Germany to beg them to sell Barbados an overpriced cement plant? It is not in keeping with the dignity of the people of this country for us to behave in that way, and if we are going to genuflect to the high priest of capitalism in this way, nobody is going to respect us. That is the reason why I did not want to get into this debate, because, basically,

I do not approve in going to borrow money, particularly when the people of Barbados cannot see where the money is being spent. It is as simple as that.

4.25 p.m.

I have to support the Resolution or walk out, because the people outside might ask what kind of heathens these people are in Barbados that, because the Government changed, they do not want to honour their debts. But they are not our debts, I make it clear. They are not our debts. It has nothing to do with any financing of any Development Plan.

What I am going to say here now, I am going to say with my mouth wide open, and the people of St. John will support me. There is a breed of civil servants who sit down and who are guilty of conspiracy in these matters against the people of Barbados, and when they are faced with a new dispensation, they try to brainwash the Ministers to justify the unjustifiable stands that they took previously, by telling the Ministers now that this is for some Development Plan. It is not for any Development Plan and I want any public officer to go on the radio and TV — and I hope the Minister of Information will make sure they get time — and explain which part of the Development Plan this money is for. It is not for any Development Plan, it is to pay back. Look at the Estimates that the honourable Member for Christ Church West has in front of him. You will see that the debt service is \$106 million. I have not looked in that since last year, but I know it is \$106 million. That is to service the debt, to pay the interest and so on, but the amount of money that Barbados has to pay in respect of debt this year is over \$230 million. Paying back capital and servicing a debt are two different things.

Let me tell you, Mr. Speaker. The Governor of the Central Bank sat next to me on my way to Guyana about two or three weeks ago, night time. I did not ask him to come to sit next to me because I like to sit by myself, because I like to read and I like to sleep, when I am on a plane, not in here. I read and I sleep on a plane. I take off my shoes, and as soon as the engine changes pitch I can tell you it is going to land, although I am supposed to be sleeping, and I put back on my shoes. I like to read and I like to sleep when I am on a plane, particularly at night time. He came back in that hysterical, high-pitched giggle that he has and he told me, "Did you realise that the amount of debt repayment and debt service in Barbados this year and for the next five years" — I am going to say it at dictation speed — "exceeded the total national debt of Barbados when you left office as Minister of Finance in September, 1976?" Go and ask the Governor of the Central Bank — I am not speaking to you, Mr. Speaker. This is what the Governor of the Central Bank told me, that what we have to pay for the next five years exceeds the total national debt of Barbados in 1976.

I do not have to look in a book, because I was dealing with it, not him. I was the Central Bank of Barbados from 1966 — 1972. Do you hear what I tell you? I was the Exchange Control Authority. I had a staff of about five or six capable Government officers. Go over there now. They have over 230 people doing what I was doing with six people for six years, so I think I am qualified to speak on this.

I remember on one occasion the travel agents sent a delegation to me and they said that they were a bit disturbed because they had been informed from my office that the travel allowances for people leaving Barbados was cut down to \$240, I said to them, "When did that happen?" They said, "we received a letter over the weekend and it is causing a lot of confusion." There was my letter head presented to me: "Prime Minister's Office. I have been directed by the Prime Minister to inform you that as from today's date the amount of money allowed for travel is being restricted to £50 or \$240." I could not decipher the name at the end. It was not my name, but it was my letter head, and I had a delegation of five travel agents arrayed in front of me. I think Mr. Paul Foster was one and Mr. Billy Montague was another I cannot remember the other people, so I am not going to try to call their names.

Eventually, one of the members of my staff told me whose signature it was and I sent for the officer. I am embarrassed, but I have to tell you the story, because I was the Central Bank of Barbados. When I sent for the officer I said, is this your signature? He said "Oh, yes," very polite, I believe a church going Christian as well. I said, "Well, when did I instruct you to send out a letter like this?" He said, "Oh you didn't tell me to send it out, Sir." I said, "Have you read the letter? It says "I have been instructed by the Prime Minister to inform you that the amount of money allowed for travel as from today's date, which is Monday, is £50 or \$240." " The gentleman looked at me and said, "Oh, I didn't mean you, Sir, I meant Mr. Harold Wilson.

Laughter.

Rt. Hon. E. W. BARROW: Barbados had been independent at that time for at least four and a half to five years, and that gentleman did not know that the Prime Minister of Barbados was not Harold Wilson at that time, that the Prime Minister of Barbados was Errol Barrow. He did not know that the Central Bank authority was by the Exchange Control Act, for which we had discarded the Defence of the Realm Regulations 1939, Statutory Order 1306, as far as I remember, because all our exchange had been done under an Order passed in September 1939 in every colony of the British Empire under Statutory Order 1306, and we in Barbados passed our own Exchange Control Act, and I was the authority, and despite the fact that we had our Exchange

Control Act and he was working in my office dealing with exchange control, he thought that Harold Wilson was the competent authority and the Prime Minister of Barbados. You can take the man out of the colony but you can't take the colony out of the man. You can take the colony out of the country but we still have colonials left back in this country. I am saying that because I know what I am speaking about. I was the Central Bank of Barbados.

We have people over there acting as if it is an independent republic, building themselves edifices which are incongruous. Any of you all ever did Geometry where you hear that things are not congruent? That is incongruous with every single building, from the beginning of creation, ever built in Barbados, a complete incongruity, because you cannot get anything that is congruent with that building over there. It is not congruent with the pockets of the taxpayers.

I will not be going to Japan. I will never go out of this country to borrow money from anybody. I am not saying that the Government of Barbados will not have the requirement to borrow money at some time. Anybody who wants to lend us money will have to come to Barbados and sign the necessary documents with some functionary, like the Secretary or the Governor of the Central Bank.

4.35 p.m.

I understand that a member of the Royal family asked one of those gentlemen one day which territory in the Caribbean he was Governor of, because he described himself as "the Governor." That is the kind of inflated idea they have of their own importance. Can any of you remember any time up to 1976 that you had people pomposetting on TV saying they are delivering speeches on everything under the sun relating to policies of the Government of Barbados? That is not the function of somebody who is there to do the people's work.

That is my view of the whole situation. I am embarrassed and I am mortified, and I did not intend to take part in this debate, but I am taking part in it, not because of what I have just said, that is only incidental to what I am going to say now.

We devised the whole concept of having a cement plant which has crept into this debate, or lumbered into this debate, whatever you feel like calling it, and it was the result of very careful planning. We had advice from all over the world. We had people in Jamaica, people in Milwaukee, people in Taiwan putting their brains together, and it was going so good that the World Bank said they would like to get into it and they sent a lady called Mrs. Hoade down to Guyana, which was going to take 100 000 tonnes of clinker from us every year. The World Bank wanted to get into it and they inflated the price from

Bds. \$25 million to \$40 million for a 200 000 tonnes per annum plant.

The whole thing that the Barbados Labour Party did as soon as they got into office was tried to prove that everything that we were doing was wrong. They destroyed the shrimp industry. They destroyed it in the sense that they put bulldozers and demolished the shrimp industry that employed, at some stages, 700 women from the City of Bridgetown, that was bringing in \$7 million, in United States currency, into this country.

If they could have destroyed our headquarters in George Street, they would have put a bulldozer on that, too. They wanted to obliterate the Democratic Labour Party from the minds of the people of Barbados in the same way that Hitler had the final solution for the Jews, by putting them in gas chambers, they wanted to put all our people in gas chambers. But they did not put them literally in gas chambers, although the former Member for St. James North made it clear that that was what he would do. But you know what they did? They put you in a political gas chamber saying you were guilty of corruption and the only person — well, I do not want to go in that — do not let me go down that road at all, because I will start something else.

They tried to establish that the ship that we bought to take the clinker down to Guyana, that could go right up the river to Linden, from the Government of the United States for US \$52 000, we had bought from friends of ours to help out friends of ours, a 2 000 tonne ship. At the Duffus Commission we had to produce a \$5 bill showing the signature of the Secretary of the Treasury of the United States corresponding to the receipt. The same person whose name is on those \$5 bills is the same person who sold us that ship, the Secretary of the Treasury of the United States, US \$52 000. Then they sold the ship, and the ship subsequently fetched a price of over \$3 million, and it is called the "Gatto Blanco", sailing all over the world, and our geniuses, the great combination, got two boats to take a few bags of cement, about 180 to 200 tonnes, not 2 000 tonnes, and two of those ships have gone down already. And now they are towing cement in barges at one and a half knots from here, 900 miles to Catana in Puerto Rico, and taking about a week to do it, because you can work out the distance at one and a half knots an hour. Those are the geniuses that we have — a plant at a cost now of \$198 million and we are dumping cement in Puerto Rico at half the cost that we in Barbados have to pay for it.

I am going further now. We had 92 drivers of motor vehicles, lorries, trucks, who were hauling cement to all the lumber yards and all the distributors throughout the length and breadth of Barbados, and they published an edit that a truck could not come up to the gate of the

cement plant and take any cement from that gate. You had to haul it in trucks which were designated by them, two contractors alone. Ninety-two lorry drivers were put out of work.

That is the kind of thing that I understand. I do not understand what you are all taking about the GDP and all that kind of foolishness in here today. I really do not understand. I know what my people in St. John understand. That is what I am speaking about now. They understand that 92 people were put out of work so that two contractors could get all the work in St. Lucy.

Asides

Rt. Hon. E. W. BARROW: They said that one of them was one of our supporters. No wonder we lost in the St. Peter elections.

Asides

Rt. Hon. E. W. BARROW: I did not call anybody's name.

Asides

Rt. Hon. E. W. BARROW: It is obvious he was working for him all the time.

So we established a cement plant, we put the price of cement out of the reach of the pockets of the people who want to consolidate themselves now in their habitations and build a more substantial house, and then we sell it to the people in Puerto Rico at these subsidized prices.

Let me tell you something. There is nobody in Puerto Rico — well, we have a few Barbadians up there working — who is not a Barbadian or a Trinidadian, — and they do not have many of them — who like any of us down here, from Cologne all the way back down. They are the most confused people in the whole of the Latin American regime. When you go up there, you are a complete stranger as far as they are concerned. They have no culture, they have no national identity, they have nothing. These are the people that we are subsidizing. I have to speak straight. If you have a different experience in Puerto Rico from what I have had, you can get up and tell the general public in Barbados. They have no cultural or national identity, and that is why they are grovelling, like some of our people around the Caribbean now, at the feet of Washington, with no culture or sovereignty of their own. These are the people that we are propping up and who are being propped up by the regime in Washington as well.

We are paying more than twice the price, and we are the only country in the world who are selling cement

or anything like that, not only selling it to them, but telling them that we will bring it to them and do not worry about the shipping. We pay for the shipping, too, because it is all c.i.f. When they pay \$3 a bag it is c.i.f., it is not f.o.b. That is what is happening, and that is why I really have to speak.

I am not concerned about this loan at all. If you all want to mesmerize yourselves into feeling that this money is going to help develop Barbados, I am telling you you are wrong, as the person who was Barbados' first Minister of Finance, who was the Central Bank. I was not working for anybody, I was the Central Bank of Barbados. I was the Exchange Control Authority of Barbados, even although that civil servant did not know it. I want you to understand that.

You all do not understand your history and that is why we miss people like Eric Williams all the time, because we should be trying to educate people on their self respect. But we do not respect ourselves, because we let people fool us. We let our own people, who are covering up for their misdeeds, fool us in all of these Ministries.

We had people working in the Barbados National Bank who, when respectable, hard-working people went to them for loans — I asked a previous speaker permission to let me call their names, because I can prove it — told them, "We do not have any money for you." That is serving people? "Go and ask Mr. Barrow to give you a mortgage."

Asides

Rt. Hon. E. W. BARROW: And one of these days they are going to say it about you, too, because they are not nice. You are out now, so they are going to say, 'Go and let Simmons lend you the money.' It is your turn now.

4.45 p.m.

I am telling you, you are dealing with a bunch of heathens. You are not dealing with nice people. You are dealing with people who do not want their children to know their grandmothers. Do you understand what I am saying? I know your grandmother, so you ought to know her.

Asides.

Rt. Hon. E. W. BARROW: You had better tell them. Let them know. I do not think you are ever ashamed of your grandmother. I hope that none of you are. But you have these people working for the Government of Barbados, who are coming now for big salary increases, who do not want their children to know their grandmothers. I am proud of my grandmother. So when I hear them making statements like that, I am not sur-

prised, because they do not respect themselves, and they are the people who have got us in this predicament today.

They cannot tell me that any Minister told them to do this. That is no defence in law. If you go and shoot a man, you cannot say that a Minister told you to go and shoot him. The doctrine of *respondiat superior* does not exist in our common law, nor duress, nor anything like that. So they are doing it because they are inherently wicked people. They are not doing it because of any pressure put on them, they are doing it because that is part of their nature and their disposition.

The purpose of my speech, if you really want to know, is to get all of them to resign voluntarily. I done.

Hon. H. deB. FORDE (Christ Church West): Mr. Speaker, it really is very difficult to follow the Right Honourable Member when he is in this mood, and I really would not have intervened, as he would not have intervened in the debate, other than for one matter which really concern me on this Resolution.

The Right Honourable Member states that the purpose of the Resolution has nothing whatsoever to do with raising money for the purpose of financing the Government's capital expenditure over the Plan period. If I am to take the Right Honourable Member seriously, and I take him seriously, then I am really concerned about the nature of the Resolution which has come before this House.

In the Addendum to this Resolution it is clearly stated:

"The Government proposes under the External Loan Act to raise a loan of five billion Japanese yen by means of a private issue and sale of bonds on the Japanese Capital Market. The money which will be equivalent to Bds. \$57 million will be used in financing Government's Capital Expenditure."

Particulars of the bond issue are then set out. That is a very serious note in the Addendum.

Also, Sir, the Resolution which we are being asked to pass in this House says —

"BE IT RESOLVED THEREFORE that Parliament approves the borrowing by the Government, by the issue in Japan of bonds, of the said sum of five billion Japanese Yen to be applied to the financing of projects approved in the Barbados Development Plan 1983 to 1988 and other capital expenditure approved by Resolution of Parliament."

Now if the Right Honourable Member, who is in charge of Economic Affairs and in charge of Planning, is correct, then this Resolution is incorrect, and I must ask the Minister of Finance to withdraw the Resolution. He

cannot bring to the House a Resolution which misleads the House in such a serious manner. In the other Parliament from which we took our precedents, the Minister of Finance, if he brings before this House a Resolution such as this and one of his fellow Ministers, gets up and says that that has nothing whatsoever to do with the Resolution, the only decent thing to do is to resign. He cannot sit down and put his hand to his mouth. He has to resign, because either the Right Honourable Member is right, or he, having responsibility for this Resolution, is wrong. because both of them cannot be right in these circumstances.

Asides

Hon. H. deB. FORDE: The honourable Member says it is my logic, but I am sure that he, having been trained in logic, will find out that he is correct.

I have taken down the speech of the Right Honourable Member on what he calls "the incidentals". He says that the purpose of the loan is for refinancing the debt burden which Barbados has incurred. He does not approve of Barbados borrowing at any time. He does not agree with going outside of Japan. He went on to say it has nothing whatsoever to do with financing any Development Plan — he said so quite carefully — and he went on to say that the Governor of the Central Bank is misleading the Minister.

I am being specific, and, therefore, if I am being specific, I want, as a serious Member of this House and of Her Majesty's loyal Opposition, to get a clarification. It cannot be both. That is what the Resolution says in no uncertain terms, and the Minister must either withdraw his Resolution, amend it, or clarify the purpose, or say whether the Right Honourable Member is correct or he is correct.

It is as simple as that, because it is a well-recognised precedent of Parliamentary Debate that the House must be given the correct purpose of a Resolution, and we cannot have a situation where we are being told that it is not what it says it is. That is the point I want to make on that matter, Sir. I am not going to belabour it, because I do not believe repetition gets us any further.

When the Right Honourable Member, with the number of years that he has had, speaks, he is listened to with the greatest care and the greatest consideration. I have disagreed, both publicly and in this House, with the Right Honourable Member, but never to the point that I have never taken what he says, with his vast number of years and experience, very seriously. Whether I agree with it or not, I always make sure that it is given adequate consideration, and one always gives consideration to a person who has made a contribution to the development of Barbados.

Let me say I am really concerned that the tenor of the Right Honourable Member's speech seems to say that the people who really have been making policy, and who continue to make policy, are not the Ministers, but the civil servants and other advisers. Surely the honourable Member must know that if the Governor of the Central Bank, or whoever it is, or the 230 people over there are giving him bad advice, the Government has two courses open to it: (1) do not take the advice, and (2) get rid of them. Those are the two courses open to the Government. The Government cannot just wait until they resign. The Government must take the nettle and deal with it. That is what Government is about.

You might be criticised for it. Regardless of what people may say of the Barbados Labour Party, we took decisions. We have always been courageous to take these decisions. We will pay the price of being in opposition for some time. That is how politics goes. We will bear the friendly and unfriendly taunts of the people who now constitute the Government. But we took whatever decisions we had to take, we took them manfully, we took them honestly, and when we become the Government of Barbados in the future, we will take those decisions, *bona fide*.

Politicians will make their errors, but politicians are ultimately the people who run this country, and I really cannot accept that the Minister of Finance is going to more listen to the advice of the Governor of the Central Bank on whether he should go to Japan or not, than he is going to listen to his Cabinet colleagues. That will be a decision that has to be made at the level of Cabinet. Certainly when I was a member of the Cabinet of Barbados, one was not allowed to go abroad without giving a Cabinet paper and getting approval of one's colleagues. I do not believe that the point is so fundamental that, if the Cabinet disagrees on it, a Minister has to resign on that point. It really is not that fundamental a point for that purpose.

But it is obvious to me that the Prime Minister feels very strongly on this issue. His view is that money is being hawked and that a Minister should not go to talk to bankers. I understand the reason why Ministers formerly have gone to the capital market and have themselves turned up, whether it is in Austria, or whether it is in Switzerland, or whether it is in Japan, has been the feeling that Barbados having to graduate from the World Bank position. Because of the hard conditions being laid down on us as a fast developing country, we have to graduate into borrowing now in order to finance our development, and, therefore, one goes and puts an image on that, and it is felt, as the honourable Member for St. Michael West goes and puts an image, in leading delegations overseas, no doubt to promote tourism, that this is a way in promoting Barbados as a country to whom you can make loans. I understand that that was the reason. 4.55 p.m.

I do not know what is the present Minister's reason for going, but it is obvious to me, from what has been said, that that is obviously an issue on which he has not got the blessings from the Right Honourable Member in taking the Central Bank Governor's advice to go abroad, to Japan, in order to sign a loan or raise money. He should not go. I tell him, boy you better listen, better listen!

Laughter

Hon. H. deB. FORDE. You better listen to the Skipper! You better listen to the Right Honourable Member. I am only saying, Sir, that the Government has to govern. That is all I am going to say on that, Sir.

I am a little bit surprised, too, by the speech of the Right Honourable Member in which he says that the DLP has no Development Plan for this year or next year. I am really concerned.

Aside

Hon. H. deB. FORDE: Oh, I see, Sir. He says he is carrying on projects. Well, that is understandable. We took over some of their projects. But, Sir, let me say that I am not saying, when I say that I am a little concerned, that I am not concerned in that sense, because — and this will go some way to correct part of the debate that I have heard, Sir — the Right Honourable Member is correct in this regard — there has crept into public life in Barbados, regardless of whether you like it or not — whether it has crept in by my side or theirs, or by both, this is a fact — the feeling that everything one Government does is absolutely incorrect and everything the other Government does when it gets into power is correct. Well, Sir, this is an era in which I think we have to begin to set our heights a little higher on these matters.

Let me give to the Right Honourable Member this. I think during his first term in office he refined the process of bringing before the Legislature a Development Plan which set out quite clearly the course of planning for Barbados over a period of time. It is a policy that we have followed when we came into power. What always pleased me when I went abroad to the development banks was that Barbados was characterized as a country that set out its plans quite carefully. That is one of the reasons why we never got budgetary support. We always had to bring projects in order to get financing rather than get overall programme assistance.

Let me say that the public must understand that both parties will carry over each other's programmes. And we do not do ourselves and the public any good by giving the public the impression, as one honourable Member said today, that all of the good sense resides on one

side and there is none on the other. I believe that there are lots of the programmes of the Barbados Labour Party which have been beneficial to this country. There are some that this Government will carry on. The honourable Member will remember I told him that when he was on the side of the Opposition. I always said you should always be careful when you speak in pejorative terms and how far you go in your language, because one of these days you may be on the other side and you will find that you have to trim your language and trim your sails. I am most careful, I try to be, when I speak in this House as to how far I allow myself the latitude of criticism. It must be constructive criticism, rather than the one that you believe that all is on your side, Sir.

I make the point — I do not believe that this Government could give up the Bridgetown Harbour Expansion programme which we have going, the Fishing Harbour.

Aside.

Hon. H. deB. FORDE: I do not believe that they can do that.

(*Aside:* Hon. L. E. SANDIFORD: Listen to the Skipper.)

Hon. H. deB. FORDE: Well, if the Skipper wants to abandon that, let him abandon it.

Laughter.

Hon. H. deB. FORDE: I do not believe that they can give up the programme we have for the tenantry roads.

Aside.

Hon. H. deB. FORDE: I do not believe that they can give up the programme that we had for rehabilitating.....

Aside.

Hon. H. deB. FORDE:.....the roadways in this country, Sir.

Aside.

Laughter.

Aside.

Hon. H. deB. FORDE: The honourable Member is speaking, Sir. I do not believe that the honourable Member for St. Michael South (Mr. L. E. Sandiford)

could have it in his heart to give up the programme for amalgamating the St. Matthias Schools.....

Laughter.

Hon. H. deB. FORDE:.....as part of the education programme, Sir.

Laughter.

Hon. H. deB. FORDE: I do not believe him.

Laughter.

Hon. H. deB. FORDE: I do not believe him, Sir.

Aside.

Hon. H. deB. FORDE: He has been my friend for years, although politically we have never yet betrayed any of our party's secrets. But I think he has the common sense to recognize that the people of Paddock Road and Deighton Road would not like him any more if he gave it up.

Aside.

Hon. H. deB. FORDE: I am not begging, Sir.

Laughter.

Hon. H. deB. FORDE: I do not have to beg. The honourable Member knows that I do not have to beg. The first time I had to beg hard was in 1971, when the honourable Member for Christ Church West Central (Hon. M. A. King) almost knocked me through the door. I believe that I am like the Right Honourable Member for St. John. Both of us will be in here for, you know, Sir, some years, for a few years, Sir. Both of us will be in here for a few years to come.

I believe, Sir, that there are features of our programme that the Government will take over. They may modify them in some respects, as we modified their programmes. We can argue to the degree to which programmes are modified.

We modified that Government's proposals, at the time they were the Government, for the cement plant. From my memory of the facts — and I have not got access to the files — I have been out of Government for some time and I never brought my Cabinet Papers on these matters away from the office, so I am speaking from memory — some studies had been done, but, as far as I recall, no final decision had been taken. It took us quite some time, in conjunction with the World Bank and others, to look at whether or not Barbados should go on

with the cement plant as was originally being conceived, or whether or not we should have a smaller plant or a bigger plant.

Sir, various things happened at that time. You will recall that the price of oil was high, and the fuel costs of the cement plant was one of the things that concerned us. The then Prime Minister entered into bilateral discussions with Prime Minister, Dr. Eric Williams on the matter, and the primary purpose at the time was to see what concessions we could get in relation to the fuel costs of running the cement plant. Dr. Williams widened those discussions, to the extent that the proposal would be that Trinidad would go into a joint venture with us on cement, because in those days, Trinidad certainly, and we certainly, did not foresee that oil prices would have tumbled in the way that they have recently, and it was being anticipated that the Trinidad and Tobago development programme would have been continued, and neither the cement plant in Trinidad and Tobago nor that in Jamaica could satisfy the needs of cement in the whole region. It was estimated that we would supply the cement needs of the Eastern Caribbean, part of Trinidad and our own needs, and that that would have been sufficient to carry the reservicing of the loan, interest and principal, and also show a profit. Those were the forecasts. You will have the documents available to you. On that basis we went into a joint venture with Trinidad and Tobago.

5.05 p.m.

But let me go a little further. What was envisaged as well was that the two Governments would, after a period of time, be inviting other Governments in the Caribbean, including Guyana, and that we would offload some of our shares to the Governments of the Caribbean, and, in due course, that the Caribbean Governments would offload part of their shares in the cement plant to private persons within the Caribbean. That was part of the planning.

The whole thing was done as a turn-key operation with Voest-Alpine of Austria, with the approval, because of the foreign exchange aspect of it, of the Government of Austria, and Voest-Alpine's recommendation came because the Government of Trinidad and Tobago had dealt with them and had received extremely good service from them. This is all documented, Sir.

In addition, honourable Members will find on their files that Voest-Alpine offered to take up and sell all of the cement for the period of time that their loan was outstanding. That was turned down eventually, because the people who advised the Governments looked at the market and thought that the cement plant itself could dispose of that and it would prevent Voest-Alpine from making that profit.

Asides

Hon. H. deB. FORDE: The honourable Member says, "more bad advice". But the honourable Members have the same advice available to them as we had. The advice might be right or wrong. The point is that is how it was seen in those days, and the advice given to us was advice from experts. I want to underscore the fact that that project was gone into with great care, on advice, not wantonly, lightly, as you say sometimes, or misguidedly. It was given to two Governments and the financing came from two Governments. We sought the best international advice, the best advice available to the civil servants in Trinidad and Tobago and here, and we went ahead with the cement plant.

Like the honourable Member for St. Lucy (Hon. E. Greaves), I believe that this cement plant will make a contribution, and is making one. I believe further that over a ten-year period, which I believe is the loan period — I do not think it is longer than ten, although it may be 12 — the plant will pay for itself.

Asides

Hon. H. deB. FORDE: The honourable Member says, "No". I believe that it will pay for itself and show a profit as well. I believe that it will be able to do so. The honourable Members must not take lightly that 40% of the equity belongs to Trinidad and Tobago, and that when the honourable Member gets up and mentions a figure in here, he has to take into account that Trinidad and Tobago must make their part.

I want to make this point. I would prefer to put the US \$80 million, or whatever it is, in an investment in St. Lucy than to put \$60 million in a timber mill in Guyana. One is here, cannot be moved, it is ours, extracting from our own quarry. So when we are talking about investments, let us see where we are going and how we are doing it. There is no doubt that there have been a lot of spin-offs. If we follow through from this, we can go into selling lime, for instance. That was another one of the auxiliary things to be planned. We have not gone on to it. We were to sell lime to Trinidad and Tobago for its steel industry, and in any event, there is an international market in lime.

I know the honourable Member is a little bit sore about the Duffus Commission and the North Point. It has happened. Rightly or wrongly, Duffus took place. The honourable Member came out of Duffus unscathed, other than for the statement that all roads lead to the honourable Member.

Asides

Hon. H. deB. FORDE: The honourable Member says, "You better believe it." The honourable Member

knows that I have seen and heard him in this House. I have been five years in Opposition, five years on the front bench, five years on the back bench, and the next five years I will be in Opposition. It is a five-year cycle.

(*Aside:* Hon. B. M. TAITT: The only place left now is out!)

Hon. H. deB. FORDE: It is a five-year cycle.

Laughter.

Hon. H. deB. FORDE: The honourable Member says that the only place left for me is out. I tell the honourable Member if there is one place he is never going to get is where the Right Honourable Member is sitting. He better believe it! He better believe it! That is one place he is not going to get. I have more chance of getting there than he has of ever getting there. He better believe it! I am not the only one who is going to tell him so. Ask the Right Honourable Member!

Laughter.

Hon. H. deB. FORDE: Sir, let me go on to say this, that I believe that whatever criticisms can be made of each other's projects, we have to recognize that there is a certain continuity in Government. I think that both parties have now slogged it on the political platform. We have slogged it out in Government and we have slogged it out in Opposition. Both parties have now to be wise and recognize that there will be changes of Governments now and in the future. We have to find the best that can be done. We are not always going to agree on that, but I do not think we do each other, or the country, a service by continually harping to prove that each one of us is a scoundrel and is doing wrong, or what-not. I believe that people can do projects and make errors, on which the electorate make the choice.

The electorate have made their choice. The Labour Party is not harping on the fact that it is not the Government. We are now going to take stock of why we are not the Government and prepare for the time when the electorate want us back. If there are mistakes we have made, we will take our mistakes, as you did.

I do not come in here to harp and to run down, Sir. I want to say that when the Government come forward with things that we can support, we will support them. That is why when the honourable Member for St. Peter speaks and says that we genuinely believe on this side that if you have to borrow for the developmental process of Barbados, and particularly if that money is being used on productive projects, and we are satisfied that Barbados, given its export earnings and everything, has capacity to repay, we would say so, and we would have the courage to tell the public outside so too. That

is why when you come in here on the loan, we ask you what is the purpose. If the purpose is for development, yes, we agree with you. It has our support. We will not divide the House on that matter.

What we are not going to do is to sit down and allow you to criticize everything that has been done by the Barbados Labour Party, tell us that we have not done anything for Barbados, insinuate that there is corruption. I challenge you and say it seriously that, if there is corruption, we want to know. Publish it!

Asides.

Hon. H. deB. FORDE: The Right Honourable Member asks if I want some names. All I say to the Right Honourable Member is that the Right Honourable Member is a member of Her Majesty's Privy Council, like myself. The Right Honourable Member knows very well that there is a level at which people in Parliament operate and which Ministers operate, Ministers of the Crown, people who have held certain confidential office. If he has the information, deal with it.

5.15 p.m.

Asides

Hon. H. deB. FORDE: I want the honourable Member for St. Michael West mentioning people's name *sotto voce*. He knows that he may have to face Her Majesty's judges. I warn him to be careful.

But what I want to say is this: I do not want people coming in here leaving it in mid-air and saying that we went for a cement plant.....

Hon. B. M. TAITT: If the honourable Member would give way for a moment, Sir: I am a little worried. While speaking of corruption the honourable Member said that the honourable Member for St. Michael West might have to face the judges, which might be mistakenly misunderstood that he is discussing me in the context of corruption. I hope the honourable Member will just straighten that out, Sir.

Hon. H. deB. FORDE: The honourable Member knows that I would not take that sort of stance. You have seen me in this House long enough.

Aside

Hon. H. deB. FORDE: The Prime Minister says he might have to face the family court. I don't even know of that, Sir. It is good that we can really have these friendly exchanges. The honourable Member knows very well that I am making no allegation against him in that respect. He just wanted the matter clarified. I would not do that. If I have any such allegation I will let him know what it is, so

he knows that. I was only saying, when he mentioned someone *sotto voce*, he must be careful.

What I am saying, Sir, is that we must be certain that when we are dealing with these matters, we adopt the high road. I am asking the honourable Member. There must be several areas in which we have performed, and performed well. Now is not the time to go through a litany of the things that we have done, and some extremely well, for this country. Suffice it to say that there are several developmental projects executed by our Government, the BLP Government, executed within the project budget, in many cases without cost overruns, some with cost overruns and projects that the honourable Members will take over, expand on sometimes, boast of at other times, reap benefits from, and that the people of Barbados are reaping benefits from. That is why we borrowed the money.

We borrowed money, if you like, from Lome. We have spent it on fishing harbours, if you want to know where it is going. Look at Oistins. We borrowed money from the Canadians. Look at the airport. We have borrowed money for the expansion of the harbour, if you want to know. We have borrowed money, let me tell the honourable Member, for the polytechnic. The honourable Member for St. Michael South (Hon. L. E. Sandiford) signed the agreement with the IDB for the sewerage scheme, a project of the Democratic Labour Party. That is part of the national debt still. We executed the project. Let us face that. The national debt of which you speak is not a national debt compartmentalised from 1976–1981. You might have refinanced part of the loans.

Mr. SPEAKER: One minute more.

Hon. H. deB. FORDE: Some of the loans were incurred prior to 1976 and the repayment schedule is still there.

I end on this note, Sir. Whatever might be the views of honourable Members when they come in — and there will be another few weeks, few months that we are going to hear all this giving and taking and decrying the Government — I can assure the Right Honourable Member that none of us has ever sought to destroy the DLP or destroy them in George Street. I have heard a lot of people saying that the BLP is destroyed and written off for ever. I hear them even getting their supporters to say we are three blind mice. Let me tell the honourable Members this, there is no farmer's wife to which we are running up. Three is significant for many things, and one is the Trinity. They come in threes. As long as we constitute the Opposition, I give you, Mr. Speaker, my assurance that when measures are worthwhile of supporting, maybe this one, we will support them, but let me say that the 41% and the 48 years of history of this great party will

bring forth from us the strongest constructive Opposition that you have ever had in the history of Barbados.

Mr. SPEAKER: Does any other honourable Member wish to speak before the honourable Member winds up? The honourable Member for St. Michael South Central.

Hon. Dr. R. C. HAYNES: Mr. Speaker, it has been a fairly long debate today on this matter relating to the Japanese loan. There are a few questions which have been asked and which I will respond to in due course.

First of all, there were some suggestions that the Democratic Labour Party was being unfair in its assessment of the Arawak Cement Plant. I have had the opportunity to look at the initial studies relating to the Arawak Cement Plant. It was pointed out to the previous Administration that an 8 – 10% rate of economic return, as adjudged by those people who had put the project together, is at best marginal, and certainly substantially below the kind of level that would normally be acceptable to most international agencies for funding. So that was a political decision made against the best advice which was available to the Government at the time.

The second point I wish to make is that I have looked very carefully at the Memorandum of Understanding between Barbados and Trinidad and Tobago, and whereas there is a vague statement to the effect of co-operation in respect of the cement plant, nevertheless, at the time of construction of the cement plant there was no arrangement entered into with Trinidad and Tobago which will have any legal obligation in relation to Trinidad taking cement from Barbados. That matter has been looked at, and has been examined by the Board on several occasions, and we have a problem there.

The third thing I want to say is that, from a financial and economic point of view, it is a fundamentally bad investment, largely because of the capital cost, on the one hand, and the fact that when you produce 60 000 tonnes from a plant that is capable of 300 000 tonnes, you have saturated your domestic market. It means that you are heavily exposed in terms of having to export the excess of 60 000 tonnes, and it is well known in the cement industry that the reverse should always operate, that you should have a dedicated, controlled market for about 70% of your production if your plant is to be considered viable.

At present, Sir, what we are in fact doing, we are depleting a natural resource for the raw material for the cement plant. We have now been forced in a situation where we have to spend millions of dollars to repair the road leading to the cement plant because of the heavy trucks. We are losing money on the operations of the cement plant, and the prospects over the next four years, from all the forecasts, look equally dim. In point of fact,

what is being suggested now, is that unless there is a turn-around in the economies of Columbia and Venezuela when there will be increased capital formation and an increased demand for cement in those countries, then the market is likely to remain soft between now and 1990, and therefore this situation will continue. The net effect of this, Sir, is the Barbadian taxpayers will be subsidizing cement to Puerto Rico and elsewhere. They are doing it now and this will continue.

5.25 p.m.

The Government of Barbados, has, in the very brief period that it has been in office, taken certain initiatives. If those initiatives turn out to be fruitful, I hope that, in the not too distant future, we will be able to lessen the debt burden on the people of Barbados as a consequence of the problems there. Those initiatives were taken with Trinidad and Tobago.

If I may continue again, Sir, on the whole question of Caribbean Airways, there is no point trying to obfuscate the whole issue. There can be no question about it, that in terms of the contribution to tourism over the years, whatever have been the factors, the losses cannot be justified. The Unit of State Enterprises has looked at this matter in considerable detail.

I can assure the public of Barbados that we have not been only making noises in relation to these projects, but active steps are being taken to reduce the losses and to put them on some kind of economic footing wherever possible. We have already taken action which would reduce the losses at the Barbados National Oil Co., by some \$20 million in this fiscal year. Those steps have already been taken. That was easy to do, because it simply meant that we had to implement a recommendation that was made to the previous Government since February of this year, namely, that at current oil prices, drilling would be uneconomical and the wisest thing to do would be to cut back on the drilling. That recommendation was made to the previous Administration in February. They did nothing about it. They took on extra staff rather than doing something about it. We had to put that in action in order to save the taxpayers about \$20 million this year, because that loan, for \$26 million, we will also have to service.

As far as the question of a Democratic Labour Party development programme to finance and to service, the Democratic Labour Party will have to continue, in a modified form, in the public interest, wherever necessary, the present capital programme. You cannot come into Government today and start a capital programme tomorrow. We have a \$90 million highway being built. We have a contract that was signed, I think it was the day before there was a change of Government, in respect of a road in St. Lucy. The day before the Government was

committed to that. So, make no mistake about it, there will be a continuing need for the financing of capital programmes, although we would not do what you did, that is, try to say that they are our capital programmes because they have to be financed in our time.

It is also incorrect to say that the losses to Caribbean Airways are projected at \$3.4 million. It is not \$3.4 million. It is much higher than that. I do not want to say too much, but I will tell you that it is significantly more than that.

On the question of Ministers going abroad to sign for loans, I share the views of the Prime Minister, that Ministers should not be going abroad to sign for loans. There is no argument about that. On the other hand, holding a view is one situation, but, as Minister of Finance, you are in a given situation which you have found. I hate flying and I would certainly do anything possible to get out of that. But that is the principle. That is my position.

The final point I would like to make is this — and I am surprised to see that the honourable Members from the other side seeking to exploit whether the Resolution is to borrow money for capital purposes or to finance losses — that I said it was to finance losses. You all know that when I was on that side, when I said during my introduction that it was to finance losses — let me finish what I am saying—

Asides.

Hon. Dr. R. C. HAYNES: When I was on the other side and these Resolutions came before Parliament, there was always the matter of debate as to what constituted a foreign exchange loan for a capital programme, for balance of payments support or otherwise. I took a view, depending on what I saw in terms of our capital account, as to what I thought was the primary purpose of the loan.

We only have one foreign exchange pool in Barbados. Money that comes into the capital account can flow one way or another. All I am saying is that it is my judgement that, considering the present state of our capital, plus other requirements — I will maintain the view which I share with the Prime Minister — the main purpose of this loan would be to finance losses. But it is a fluid situation, as you know, in that money for capital projects might well have gone in the first three months of the year to finance borrowings, or something like this, and this may well be a pay back in that area, or the other way around. So that you have this common pool and there is a common flow from one to the other. This has been an argument....

Asides.

Hon. Dr. R. C. HAYNES: I am not talking about project funds. What I am saying is that the same issue that you are raising now is the same issue which has always been raised by me in the Opposition, that is, how do you word these Resolutions when they are coming before Parliament? That is the position.

Thank you very much, Mr. Speaker.

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

Hon. L. E. SANDIFORD: Mr. Speaker.....

ANNOUNCEMENTS BY HIS HONOUR

Mr. SPEAKER: Before you put the adjournment, I have a few announcements. I have received the following:

Report of the audit of the accounts of the Sugar Industry Research and Development Fund for the year ending December 31, 1985.

Receipts and Payments Account for the year ending December 31, 1985.

Accounts and Statements for the month of April, 1986 as prepared by the Accountant General.

ADJOURNMENT

Hon. L. E. SANDIFORD: Mr. Speaker, that concludes our business for today's sitting.

I beg to move that this House do now adjourn until Tuesday, August 5, 1986 at 12 o'clock noon.

Hon. B. M. TAITT: I beg to second that.

The question that the House do now stand adjourned until Tuesday, August 5, 1986 was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the House accordingly.
5.35 p.m.

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